

***Republicans Counsel Israelis  
That Reagan Drop  
His Cemetery Visit*** ***Pull Out  
Of Bekaa***

# Troops Now Air More Exposed To Guerrillas

By Henry Kamm  
New York Times Service

**JERUSALEM —** The Israeli Army pulled out Wednesday from the eastern and central sectors of Lebanon, completing the second of the three planned stages of its withdrawal of its occupying forces.

The evacuation was viewed by military analysts as potentially one of the most dangerous in the difficult maneuver of disengagement of forces.

The Israeli troops left the Bekaa Valley, where it had faced the armor and artillery of the Syrian Army rather than the small guerrilla bands that have made the rest of occupied Lebanon unsafe for them.

From the mountains around the valley, Israeli guns held the Syrian capital of Damascus in their sights.

The limited number of reports allowed by the Israelis to cover some aspects of the withdrawal now portend no incidents.

Helicopter gunships flew close to Israeli tanks, armored personnel carriers and other vehicles moving south toward the border strip that remains occupied, and to Israel beyond.

The withdrawal occurred on the day that Israel mourns the dead of its wars. Some officers attending memorial ceremonies, expressed doubts whether the Lebanese campaign had been worth the lives of about 650 Israeli soldiers.

"In this war, the people stopped

whom worked on Mr. Reagan's two successful presidential campaigns, said they have disavowed the cemetery visit among themselves, but have not yet voiced their concerns to the White House chief of staff, Donald T. Regan, or the president.

Mr. Regan's plans to visit the cemetery have touched off protests from Jewish organizations and American veterans, but the president said last week that he would not change his plans because "all I want to do is leave me looking as if I caved in in the face of some unfavorable attention."

Larry Speakes, the White House spokesman, reiterated Tuesday that Mr. Regan has no plans to change his itinerary.

Chancellor Helmut Kohl of West Germany has described as "final" Mr. Regan's decision to visit Bitburg, where some Nazi SS troops are buried. Mr. Kohl earlier rebuffed a request from the White House that the cemetery be dropped from Mr. Regan's itinerary, according to U.S. officials.

In the past some of the same individuals have been instrumental in persuading the White House that public opinion was shifting against Mr. Regan or his policies.

For example, when Mr. Regan made a critical remark about Martin Luther King Jr. in 1983, several of these strategists warned the White House about a damaging backlash among voters. Mr. Regan apologized to King's widow, Coretta Scott King, and later sponsored a Rose garden ceremony to sign a bill making King's birthday an federal holiday.

Late in 1983 these strategists privately urged the withdrawal of U.S. Marines from Lebanon.

By David Hoffman  
Washington Post Service

**WASHINGTON —** High Republican political strategists, including veterans of President Reagan's campaign, said today that there is a consensus among them that Mr. Reagan should abandon plans to lay a wreath next month at a German military cemetery.

Despite widespread agreement that the visit May 5 to Bitburg

A poll shows Americans oppose President Reagan's visit to a German war cemetery, Page 3.

cemetery would be a "disaster," as several of them put it, the strategists said Tuesday they have not thought of a way for Mr. Regan to change his plans. Several said they hoped to come up with an alternative plan during the coming week.

The strategists, who spoke on condition that they not be named, said Nancy Reagan, the president's wife, has privately expressed concern about the cemetery visit and indicated that she would like to stem the controversy over it. Asked about the issue Tuesday, she declined comment.

The concern among Reagan loyalists came as a Washington Post-ABC News poll indicated that a slim majority of Americans disapproved of Mr. Reagan's scheduled visit to the German cemetery and wanted him to cancel it.

The poll also indicated a drop in Mr. Reagan's "approval rating," but the public's overall opinion of how he is handling the presidency, to 54 percent, his lowest rating since October 1983.

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**Israeli tanks pulling out of the Bekaa Valley**

# Congress Is Split on Aid To Nicaraguan Rebels

By Joanne Omang  
and Margaret Shapiro  
*Washington Post Service*

WASHINGTON — The Senate has approved a compromise version of Senator Ronald Reagan's proposal for \$14 million in aid to anti-government guerrillas in Nicaragua, 53 to 46, but the same plan was rejected by the House of Representatives, 248 to 180.

Action on the proposal, which Mr. Reagan had strongly urged Congress to approve, came late Tuesday. The House was to vote Wednesday on alternatives to the Reagan plan and, if one is passed, House and Senate conferees would try to agree on a compromise.

The seven-vote margin of support in the Senate for the president was the smallest that the Republican-controlled upper house has given him on aid to the rebels, and the House margin of defeat was four votes larger than any previous House rejection of Mr. Reagan's 3-year-old aid program for the rebels.

The White House issued a statement from the president praising the Senate for casting "an historic vote" for "a consistent and effective policy that is true both to our principles and to our interests."

But, before the Senate voted, Mr. Reagan had further modified his plan in an unexpectedly conciliatory letter promising to renew direct U.S. negotiations with the leftist Sandinist government in Nicaragua. The United States broke off the talks in January.

Mr. Reagan's letter, delivered to the Senate majority leader, Robert Dole, a Republican of Kansas, last August 7, months before the final Senate vote, also pledged to "press for" a cease-fire between the rebels and the Sandinists. The original Reagan plan would have put any pressure on the rebels to negotiate or reach a cease-fire.

As expected, the letter also promised that the \$14 million would be spent "only for food, medicine, clothing and other assistance for their survival and well-being — and not for arms, ammunition and weapons of war."

In addition, according to a senior administration official, Mr. Reagan has decided to administer the \$14 million aid package to the rebels through an interagency committee that he will head. This

"means that the aid would not be controlled by, but handled in cooperation with, the Central Intelligence Agency. Administration originally was to be controlled by the CIA."

Mr. Reagan's letter also is said to "favorably consider" domestic sanctions against Nicaragua and to open multilateral contacts with other Central American nations on such sanctions.

One source favored by Sen. Lloyd Bentsen of Texas, once a Democratic opponent of the aid, voted for the altered plan.

"We will use our assistance to help them," he said.

(Continued on Page 3, Column 2)

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## Past Fuels Present Debate

### Some Cite Vietnam, Others Cite Cuba

By Don Oberdorfer  
*Washington Post Service*

WASHINGTON — Congress's divisive debate Tuesday on U.S. support for Nicaraguan rebels took place in the shadow of two historical precedents: the Vietnam War, whose inglorious end 10 years ago is being commemorated this month, and Communist control of

port of the rebels as a first toward a new Vietnam.

"The real issue," said Sen. Patrick J. Leahy, a Democrat from Vermont, during the Senate debate, "is whether Congress is going to sign a blank check for the president to lead this country to direct military intervention in a Central American war, a war the American people do not want."

Others queried the pro-revolution with the Gulf of Tonkin resolution on Vietnam in 1964.

Proponents, led by Republican Sen. Jesse Helms of North Carolina, noted that Cuba, as a consequence of U.S. inaction during the 1950s, had become the House minority leader, Richard H. Michel, a Republican of Ohio, declared at the outset of the debate that to "abandon our democratic force," as he called the rebels, would result in "starting a clock ticking toward an inevitable dash in this hemisphere" to the leftist Sandinist government.

Cuba, said a thorny issue in the United States a quarter-century after the revolution there.

Those two situations provided much of the oratorical fodder as members of the Senate and House of Representatives spent Tuesday discussing the U.S. role in Nicaragua.

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Others equated the pro-revolution with the Gulf of Tonkin resolution on Vietnam in 1964.

Proponents, led by Republican Sen. Jesse Helms, said the House spoke more often of Cuba and its consequences of U.S. inaction.

The House minority leader, Robert H. Michel, a Republican on the panel, declared at the outset of debate that to "abandon democratic force," as he called the rebels, would result in "starving clock ticking toward an inevitable armed clash in this hemisphere" between the leftist Sandinista government

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## NEWS ANALYSIS

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## ***A Pioneer in Israel — An Egyptian*** **Ambassador's Daughter Preceded Sadat to Jerusalem**

By Thomas L. Friedman  
New York Times Service

**JERUSALEM** — If the definitive history of the peace treaty between Egypt and Israel is ever written, a young Egyptian woman will, perhaps, deserve at least a footnote.

It might read something like this: "Three years before Anwar Sadat came to Jerusalem, Sana Hassan flew to Israel on her own initiative to tell Israelis that Egyptians were ready for peace."

"Miss Hassan, a graduate student at Harvard, was the daughter of a former Egyptian ambassador to Washington. Sadat revoked her passport at the time and said later that he 'could have killed her' for

"I was tired of reading in the Israeli press about how the Egyptians are 'not interested in peace,'" she said, "how it was all just a gimmick we used to trick Israel into giving back the Sinai."

"I know hundreds of Egyptians who are eager to come to Israel," she added. "People here don't understand, though, that Egyptians are disappointed too with what has happened to the peace process. It is not that they don't want the relationship. But Israelis have to understand that Egypt is not living on another planet."

"It is part of the area," she said. "It shares certain cultural and reli-

gious bonds with its Arab neighbors, and it is therefore affected by whatever is happening to them. For Israelis have a static view of the peace. They say, 'We gave up Sinai so we should get this and that in return, period. Peace is a process which you have to cultivate. In this case, it was nipped in the bud.'"

During and after the signing of the Camp David accord, Miss Hassan said, the Israeli government of Prime Minister Menachem Begin did everything it could to antagonize Egypt's Arab neighbors. He annexed the Golan Heights while an Egyptian cultural delega-

(Continued on Page 2, Col. 5)



**Sana Hassan, an Egyptian who went to live in Jerusalem.**

# John Paul II Appoints 28 to Become Cardinals

**The Associated Press**

**VATICAN CITY** — Pope John Paul II named 28 new cardinals Wednesday, including a pro-Solidarity prelate from his native Poland, and the head of the embattled church in Nicaragua and the archbishops of New York and Boston.

The new cardinals, who come from 19 countries, will be formally elevated at a consistory at the Vatican on May 25.

For the first time, the pope named cardinals from Ethiopia and Nicaragua and promoted the Rome-based leader of the Ukrainian Catholic Church, Archbishop Myroslav Ivan Lubachivsky, who is in America.

A number of major archdioceses traditionally headed by cardinals have had no such ranking leadership because of deaths or retirements since the last consistory in 1983. The promotions will bring the number of cardinals under the age of 80, and therefore eligible to vote for a new pope, to 120 — the limit under church rules.

The new cardinals include Archbishop Joseph John I. O'Connor of New York and Bernard F. Law of Boston.

John Paul also chose the archbishop of Krakow, Poland, Henryk J. Rzymkowski, who was a firm supporter of the Solidarity labor union and is known to take a hard line toward the Communist government.

Also named as cardinal was Archbishop Miguel Obando y Bravo of Managua, who has pressed the pro-Marxist government to negotiate with opposition forces.

A second Polish cardinal named was Monsignor Andrzej Maria Deskur, a close friend of the pope

who recently retired as head of the Vatican's Commission for Social Communications.

Another East European promoted was Archbishop Jozef Tomko, a Czechoslovak whom the pope also appointed to head the Vatican's missionary arm, the Congregation for the Evangelization of Peoples.

From Latin America, the pope named as cardinals Archbishop Juan Francisco Fresno Larraín of Santiago, and a Venezuelan, Roselio José Castillo Lara, who heads the Vatican's canon law commission.

For the first time, the pope named a cardinal from Ethiopia, Archbishop Paulos Tzadua of Addis Ababa.

Two Canadians were promoted to the rank of cardinal. They are the archbishop of Quebec, Louis-Albert Vachon, and Archbishop Edouard Gagnon, who heads the Pontifical Commission for the Family.

The consistory will be the third held by John Paul II since his election as pope in 1978.

John Paul also promoted a number of Vatican-based prelates and chose an 82-year-old Italian priest who is a prominent socialist. He will not be eligible to vote in a conclave.

In addition to voting in a papal conclave, cardinals also serve as advisers to the pope and serve on special Vatican commissions.

The consistory is to be held four days after the pope returns from a trip to the Netherlands, Belgium and Luxembourg. Among the 28 new cardinals named was the archbishop of Utrecht, the Netherlands, Adrianus I. Simonis.

gence committee expressed reservations from the beginning, voted three times in 21 months cut off aid to the guerrillas.

Thursday night's votes did not change that pattern. Unless Reagan can get the right legislation passed on the House on Wednesday, back a semblance of President Ronald Reagan's program, chances for continuing the aid seem unlikely.

One major difference this time is that the U.S. program is more in the open. The increasingly veiled deniability has been dropped. The administration lution before Congress on Tuesday would have approved "the option and expenditure of it available for fiscal year 1983 supporting, directly and indirectly, military or paramilitary operations in Nicaragua."

Another difference has been Reagan's willingness to dilute programs and agree to last-minute compromises. He promised, letter to the Senate shortly before the voting, that none of the money would be used for ammunition weapons, even if Congress gave the \$14 million he is seeking.

"The United States now sits at a moment of judgment," Reagan wrote. Even watered down, humanitarian support for the guerrillas would, over "help the democratic cause prevail over tyrants of the left and the right." But abandoning the guerrillas, he said, would "tolerate consolidation of a surrogate in Central America, responsible to Cuba and the Soviet Union."

For many lawmakers, posed with foreign policy arguments although less was said in public about the politics.

## Dead U.S. Major Credited With Tank Photo Mission

Hotel. Three months before his assassination in 1981, Sadat ordered her passport returned."

Today, Miss Hassan is back in Israel, formally doing postdoctoral research at the Herzl Center for International Affairs. In her free time, she is brushing up on her Hebrew and trying, in her own way, to salvage the fraying Egyptian-Israeli peace.

Miss Hassan recently completed a book about her experiences in Israel, entitled "Enemy in the Promised Land: Recollections of the First Egyptian Visitor to Israel," which is published soon. She has arranged to have the book serialized in Israel's largest Hebrew newspaper, Yediot Ahronot.

"I came back in anger," said Miss Hassan, 35, of her return in January to Jerusalem.

**By James M. Markham**  
*New York Times Service*

**BONN —** The U.S. Army major who was shot and killed last month by a Soviet sentry in East Germany had carried out an earlier mission in which he sneaked into a Soviet tank and photographed the interior, according to a Western intelligence source.

The source, who has intimate knowledge of the operations of the unit to which the major was attached, said that in what was described as "a specially planned operation" the American, Major Arthur D. Nicholson Jr., took advantage of the drunken revelry of Soviet troops on New Year's Eve at an unidentified base in East Germany.

The source said that the U.S. officer slipped into a tank shed and

photographed "not their very latest one, but almost."

The Western source said he believed that the Russians were not aware of the officer's exploit. He declined to say where the infiltration took place or to name the kind of tank involved.

Major Nicholson, a 37-year-old Russian-speaking officer, was attached to the 14-man U.S. military liaison mission based in Potsdam, near Berlin. Since 1947, the mission has been allowed to roam in the former Soviet occupied zone of Germany, conducting what amounts to legally sanctioned espionage.

Under similar accords, British and French teams also tour the East German countryside on the lookout for Soviet and East German maneuvers and missile sites. The Soviet Union has three similar

missions accredited to the American, French and British sectors of what is now West Germany.

Although both the Soviet and North Atlantic Treaty Organization commands declare area off-limits for the liaison missions, the teams are renowned for stretching the rules and sneaking into restricted areas. Soviet liaison troops have been caught climbing over the fences of NATO bases, according to Western diplomatic sources.

According to the official American version of the March 24 incident, Major Nicholson was shot without warning by a Soviet sentry who was taking photographs through the window of a Soviet tank shed near the town of Ludwigslust. U.S. officials said the major was 300 to 500 yards (274 to 456 meters) away from a restricted zone, but in an area that until the month before had been itself a restricted zone.

Moscow has maintained that Major Nicholson was in a restricted area and, in the words of a statement issued by its embassy in Washington on Monday, was "an unknown intruder who was carrying out an intelligence mission and did not comply with the warnings of the sentry, who was acting in strict compliance with military manuals."

The embassy said that the Russians reserved the right to use force against unknown intruders. The statement took issue with an account issued by the State Department six days earlier that said the Soviet Union had given assurances that military personnel would not

(Continued on Page 2, Col. 5)

# North, South Vietnam in Uneasy Union

## But After 10 Years, Long Road to Reunification Is Not a One-Way Street

**INSIDE**

■ The deployment of U.S. Pershing missiles in West Germany has been suspended. Page

By William Brangin  
Washington Post Service

**HO CHI MINH CITY** — A young North Vietnamese government official making his first trip to the South was asked what he thought of this city, formerly named Saigon. His terse reply came without hesitation. "Not well organized," he said.

Some days later the Northern cadre had a more elaborate verdict: "with their warm climate and rich agriculture, Southerners did not have to work as hard as people in the hardscrabble North who were forever struggling against the elements.

"He found Southerners quite friendly, but not that they had an "easier life." They bothered little about building and fixing up their houses, but said "much attention to food." He stopped eating at a cafe.

Of a native Southerner, also a government employee, talked more bluntly of Northerners: "They don't like us, and we don't like them," he said. "They think they know everything, but they are ignorant."

She expressed the familiar complaints here that Northerners were rigid, dogmatic, domineering, with a tendency to behave like conquerors.

Ten years after Communist forces, mainly consisting of 15 North Vietnamese infantry di-

visions, routed troops of the U.S.-backed South Vietnamese government and captured Saigon, the "reunification" of the country is still sometimes an uneasy partnership.

The marriage of North and South is often marked by mutual mistrust and, at least where

**VIETNAM**  
**10 Years Later**  
*Third of four articles*

The South is concerned, considerable misgivings. Yet after 10 years under the same roof and nine years of sharing the same name — the Socialist Republic of Vietnam, proclaimed upon formal reunification in 1976 — the two partners seem to be getting used to each other.

"In a sense, things have gotten worse," said a longtime government critic. "It's more restrictive here. But then, we're more used to it now. People adapt."

The road to reunification has not been strictly a one-way street. While imposing its vision of "socialist transformation" on the South, Hanoi increasingly has been "reunited" with a phenomenon called "reverse assimilation," in which influences from the South have affected, and some would say infected, the North.

According to diplomats in Hanoi, these influences include an awakening of enterprise spirit in the North, more openness to foreign culture and greater availability of Western goods, and a somewhat more sophisticated urban way of life. The influences can be seen in the spread of consumer goods and Western-style clothes in Hanoi and heard in the blare of cassette tapes by U.S. and European rock groups.

The authorities in Hanoi "are very much afraid of this Southern influence, because the South is much more dynamic," said a European diplomat in the Vietnamese capital. "If they let things go freely, the South would certainly swallow the North, and this is the same as what they have to accept a certain level of influence from the South into the North, otherwise assimilation won't work."

As a result, according to Vietnamese observers, some of the differences between Northerners and Southerners are gradually fading. For example, although accents still differ, sometimes to the point of mutual incomprehension, it now is much more difficult to tell the difference between Northerners and Southerners by their appearance, a former South Vietnamese senator said.

How the next generation will behave when leadership falls to it remains a big question

(Continued on Page 2, Col. 6)

■ Sam J. Ervin Jr., the former U.S. senator known for forming over the Watergate investigation, has died. Page 1

■ Britain's royal family issued a document to show that Princess's father was only a "normal" SS member. Page 1

**SCIENCE**

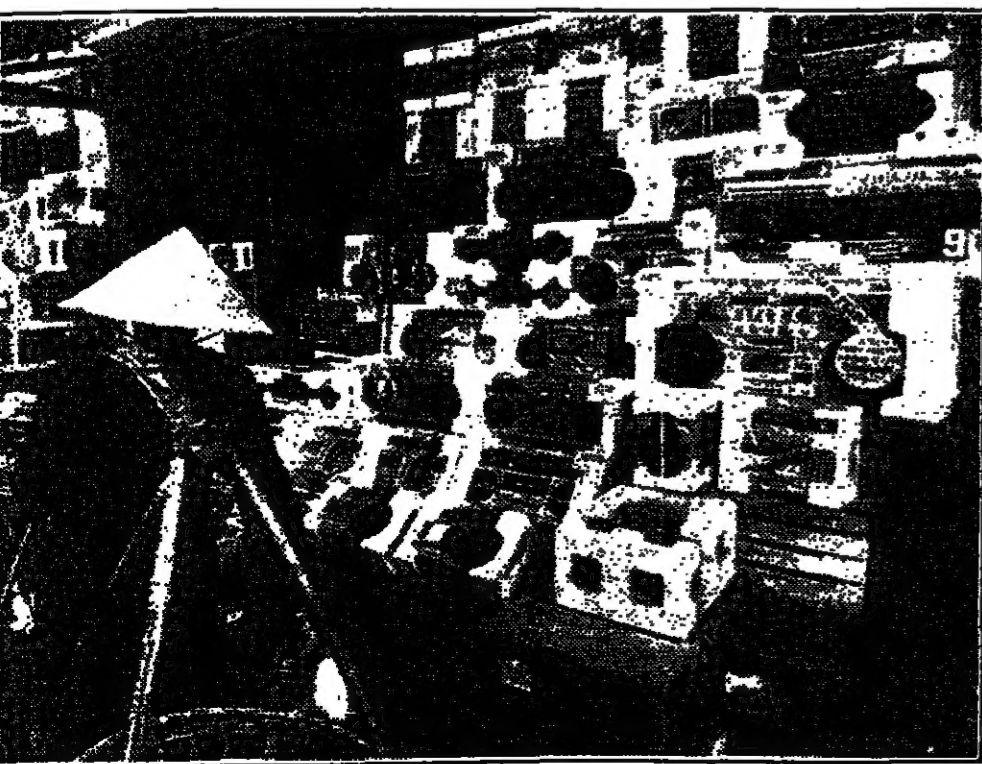
■ Duplication of DNA from an ancient Egyptian mummy dramatically illustrates molecular biology's potential. Page 1

**BUSINESS/FINANCE**

■ The dollar continued high in Asian and European trading, extending a rally. Page 1

**SPECIAL REPORT**

■ Bahrain gears its economy for growth as the new causeway linking Manama and Saudi Arabia hastens the need for defining the parameters of state and private participation in the island's development. Page 2



**Ten years after reunification, Ho Chi Minh City, formerly Saigon, retains a free-enterprising tinge, as evidenced by vast arrays of consumer goods on display in the streets.**

## **INSIDE**

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## EC Budget Ministers Agree on Funding

**LUXEMBOURG** — European Community budget ministers agreed on a draft budget Wednesday, a first step to free the group from month-by-month emergency funding, Italy's deputy budget minister, Carlo Fracanzani, said.

Mr. Fracanzani, who was chairman of the meeting, said the plans would now be sent to the European Parliament for possible amendment.

### European Nations Drafting Accord With U.S. on Space

**PARIS** — Officials of the 11-nation European Space Agency began two days of private talks here Wednesday on European participation in the proposed U.S. orbiting space station.

The agency's administrative council was to decide by Wednesday or Thursday how to put decisions made at the council's ministerial-level meeting in Rome in January into effect.

Officials said the main aim would be to draw up a draft agreement on participation in the \$10-billion space station, which is scheduled to be operational by 1994.

The ministerial meeting gave the go-ahead for agency participation. It is now up to the administrators to work out the details.

The key issue will be to ensure that Europe secures a major role in the project and not, as some officials fear, a form of political "window-dressing."

The council is to draw up an agreement committing the European agency to the two-year design phase of the station.

Diplomats said this meant that the EC would not finalize its annual budget until June, the latest in its history.

In December, the parliament turned down a proposed cash scheme for 1985 that the EC acknowledged would not cover a full year's spending. Since January, it has resorted to monthly funding that prevents the launching of new policies.

But an agreement last month by the 10 EC foreign ministers to bridge a gap between 1985 income and expenditure with additional cash grants from national treasuries paved the way for a fresh attempt to settle the budget question.

The ministers agreed Wednesday that this year's income shortfall to be funded out of national coffers totaled 2 billion European Currency Units (\$1.5 billion), the diplomats said.

The ministers also made \$400 million worth of extra savings on food aid to Third World countries and on other expenditure, setting planned spending at \$21.3 billion in 1985, they said.

But the EC's budget commissioner, Henning Christophersen, said that part of the new savings would be neutralized when the parliament discussed the draft in May.

Diplomats said work was complicated by the deadlock in negotiations on new prices for community farm produce this year.

Mr. Christophersen said that the European Commission could increase its budget proposals if the 10 farm ministers settled their dispute by raising some agricultural prices, increasing farm spending beyond earlier targets.

The farm price talks ended with no progress in Brussels on Tuesday, making it virtually impossible to assess how much cash is needed to keep the EC's agricultural policy afloat. Farm spending accounts for more than 70 percent of the planned budget.



### Break Time on the Great Wall

Terry Dargan, 13, fascinated at least one Chinese photographer as he showed off a dance he called "poppin'" during a visit Tuesday to the Great Wall. The youth is a member of a touring boys chorus from Newark, New Jersey.

Herald Tribune

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## Third World Gathers Again at Bandung

### Suharto Issues Warning to West at 30th Anniversary of Seminal Conference

Compiled by Our Staff From Dispatches

**BANDUNG, Indonesia** — President Suharto, opening a meeting of 80 Asian and African nations, warned the West on Wednesday that prolonged backwardness in the Third World would lead to disaster for industrialized nations.

He said at the meeting marking the 30th anniversary of the Bandung Asia-Africa conference that the only way to close the gap between advanced countries and the developing world was to establish a new international economic order.

"Solidarity is a real need so that Afro-Asian nations can fight shoulder-to-shoulder to end the backwardness and poverty that still chain most of us," he said in a speech opening a meeting to celebrate the first Bandung conference, held by Third World countries in 1955.

Poverty spawned political unrest and instability, he said, which were often exploited by external forces.

"The prolonged backwardness of the developing countries, which represent the majority of the human race, sooner or later will undoubtedly become the beginning of disaster for the advanced countries," he said.

While political independence



Suharto

Among other things, the original declaration called for recognition of the equality of all races and of all nations large and small, nonintervention in the internal affairs of other countries and avoidance of alliances with big powers.

For the commemoration, a resolution has been drafted that Foreign Minister Mochtar Kusumaatmadja of Indonesia said was based on the Bandung spirit.

Sources close to the organizing committee said that the draft resolution called on the international community to "help eradicate the racial segregation policies of South Africa, and also supported the struggle of the people of South-West Africa, or Namibia, for independence under the leadership of the South-West Africa People's Organization, one of five national liberation fronts invited to the anniversary."

The draft reaffirms concern about the many conflicts in the world, in particular the situation in Southeast Asia and South-West Africa. It does not specifically mention Cambodia.

Other committee sources said there was a possible problem because of Algeria's request that the Western Sahara be mentioned in the resolution.

The sources said any attempt to mention Western Sahara by name would cause a strong protest from Morocco, which claims the area as part of its territory. The Algerian-backed Polisario Front has proclaimed the establishment of an independent Saharan Arab Democratic Republic there.

The draft declaration was being watered down behind the scenes on

some points, reflecting the difficulty of reaching unanimity among so many nations, diplomats said.

President Suharto, in his speech, said that Asia and Africa should urge the United States and the Soviet Union to stop testing and producing nuclear weapons and to hold immediate negotiations to reduce the number of warheads.

(Reuters, AP)

### Romulo Is Ill

Carlos P. Romulo, a former Philippine foreign minister and a founding father of the United Nations, fell ill and was forced to leave the opening session of the Bandung conference, the Philippine Foreign Ministry said, United Press International reported from Manila.

Reports from Bandung quoted by the state-run Philippine News Agency said Mr. Romulo, 86, "collapsed" at the session hall and was rushed to a hospital, where he was declared in "good condition this afternoon after undergoing dialysis treatment."

### Panama Gains Control Of Canal's Air Traffic

**PANAMA CITY** — The United States handed over control of air traffic in the Panama Canal Zone to the Panamanian government on Tuesday.

The transfer of the air traffic control tower, an island radar station and administration buildings from U.S. control to Panamanian control was done under the Panama Canal Treaties, signed in 1978.

### China Disavows Communist Party Of Indonesia

**JAKARTA** — In a bid to normalize relations with Indonesia, Foreign Minister Wu Xueqian of China has declared that China halted support for the Indonesian Communist Party 18 years ago, a report said Wednesday.

In an interview with the English-language Jakarta Post, Mr. Wu said that since the 1965 coup attempt in Indonesia, in which the Communists were strongly implicated, most of the former party leaders in China "have gone to Europe of their own free will."

After the coup, Indonesia banned the Communist Party and in 1967 suspended relations with China. In 1975, in a pledge broadcast by Beijing radio, the Central Committee of the Chinese Communist Party reiterated support for attempts by the outlawed Indonesian party to overthrow the Jakarta government.

Since 1967, Indonesia has maintained that it can have normal relations with China only if Beijing drops its support of Communist guerrillas in southeast Asia.

Mr. Wu is in Jakarta for the 30th anniversary of the nonaligned conference at Bandung. He is to meet Mochtar Kusumaatmadja, Indonesia's foreign minister, but their schedule has not been announced.

## De Beers

### Extracts from Julian Ogilvie Thompson's Statement for 1984

At the end of 1984 Mr. H. F. Oppenheimer retired after 27 years as Chairman of De Beers, but will stay on the Board, and was succeeded by Julian Ogilvie Thompson. Nicholas Oppenheimer was appointed Deputy Chairman.



net apparent increase in funding of R280 million. However, this figure was less than the increase of R349 million which would have resulted from the application of the change in the Rand/

The large rise in our stocks in recent years, from US \$936 million in 1980 to US \$1,950 million in 1984 is of course the obverse of the reduction in the pipeline stock that our policies

## Demand for rough diamonds is broadening—retail diamond jewellery sales set a new record

Dollar exchange rate to such liabilities and assets brought forward from the previous year. Borrowings remain well within the total facilities available to our Group.

have brought about. We estimate that during those five years stocks in the cutting centres have fallen by nearly US \$5 billion i.e. by five times as much as the rise in our own stocks.

The low level of cutting centre stocks now prevailing is evidenced by the much more reasonable levels of bank finance outstanding. Stocks in the hands of jewellery manufacturers and retailers have likewise fallen significantly. Hence if the world economy continues to grow the stage is well set for sales of rough diamonds to resume their rising trend.

The year started encouragingly, with sales in the first half seven per cent up. Sales in the second half fell back sharply, however, as trading conditions in the cutting centres became more difficult. For this there were three main reasons. First, the continued and substantial appreciation of the US Dollar against other currencies effectively increased diamond prices in the rest of the world. Secondly, in the light of the losses sustained in financing the diamond trade, the banks continued to rationalise their lending activities, thus accentuating the financial pressure on some manufacturers and dealers. Thirdly, at a critical juncture imports of polished diamonds into Antwerp temporarily increased, which because of the timing and price levels involved had disruptive effects in all the cutting centres.

**CSO continued stabilisation**  
Accordingly the CSO continued its stabilisation policy by withholding from the market the larger sizes and better qualities of diamonds. Nevertheless, there was only a relatively small real increase of R191 million in Group stocks over the year.

In all the circumstances, I believe that De Beers' results last year were as satisfactory as could be expected. Net attributable profits, excluding our share of retained profits and extraordinary profits of associated companies, rose by eight per cent to R332.5 million, or 92.4 cents a share. Including our share of retained profits of associated companies, earnings increased by 25 per cent to R677.7 million or 188.4 cents a share. Our share of associated companies' extraordinary profits was R56.2 million, compared with R5.7 million in 1983. The dividend was maintained at 40 cents a share, absorbing R143.9 million.

Net current assets improved by R185 million to R282 million and the increase in long- and medium-term liabilities was R465 million, leaving a

At the first three sights in 1985, during which the CSO maintained its policy of selective allocation, there was a welcome indication of interest in a wider range of diamonds, and sales of the larger sizes increased. Total sales were affected by the decision of the Indian trade not to import rough diamonds over a period that included the February sight, as a result of certain fiscal problems between the trade and the authorities in Bombay. It remains to be seen whether the sales lost by the CSO as a result of this action will be recouped during the remainder of the year.

The industrial side of our business had another good year. There was a pleasing improvement in sales of natural grit, but sales of drilling stones continued to be affected by the depression in mineral exploration. Sales of synthetic grit and polycrystalline diamond products, which

had passed the US \$100 million mark the previous year, rose by as much as 15 per cent, and there was further growth in the profitability of the Group's three diamond synthesis factories facilitated by new techniques developed at the Diamond Research Laboratory. We estimate that the market for synthetic and natural grit and drilling stones in the non-Communist world now absorbs about 150 million carats a year. The improvement in demand for industrial diamonds is particularly encouraging in view of the fact that the Argyle mine in Australia, which will be a big producer of industrial and drilling qualities, is due to come into full production at the end of this year. Plans for the marketing of the Argyle production are being developed and we have intensified our research into new uses of natural diamond grit.

**Unified wage structure**  
It is now nearly six years since the Group achieved a unified wage structure on its mines in South Africa and SWA/Namibia, and our extensive training and development programmes for employees at all levels has enabled us to make further progress in implementing our policy of merit-based manning. We welcome the recruitment of employees in our Namaqualand division by the National Union of Mineworkers whose negotiations with mine management for a recognition agreement are well advanced. This will broaden employee participation in the negotiation of wages and conditions of service, which is in line with our policy of favouring responsible union representation on our mines.

**The Urban Foundation**  
We have maintained our contributions to the Chairman's Fund, which devotes a large part of its activities to improving the quality and extent of technical education; and to the Urban Foundation, which has facilitated a number of notable achievements in the socio-economic development of South Africa during the past year. We believe that through these institutions, and others, the Group continues to play its part in the creation of a fairer and more just society in South Africa.

At the last annual general meeting Mr Oppenheimer referred with deep regret to the death of Dr Louis Murray, in a flying accident, a director since 1975. For nearly 20 years he had been responsible for our world-wide exploration activities, and under his leadership the major discoveries in Botswana were made. In November, Mr Alex Barbour, a director of the Diamond Trading Company, was appointed to our board.

The full Chairman's Statement is contained in the Annual Report of the Company for the year ended 31st December 1984 which was posted to registered Shareholders on 24th April 1985.

De Beers Consolidated Mines Limited  
(Incorporated in the Republic of South Africa)

Head Office  
36 Stockdale Street, Kimberley, South Africa.  
London Office  
40 Holborn Viaduct, London EC1P 1AJ

**De Beers**

The name that stands for diamonds

## Royal Family Issues Paper On SS Link

United Press International

**LONDON** — Britain's royal family has issued German court documents that officials said should clear the father of Princess Michael of Kent of an alleged Nazi German past.

The Daily Mirror last week printed what it said was evidence that Princess Michael's late father, Baron Gunther von Reibnitz, was a member of Adolf Hitler's elite SS formation.

Princess Michael, who was born in Czechoslovakia as Hitler's empire collapsed, said she was shocked at the reports as she always believed her father was an anti-Nazi hero.

Officials at Kensington Palace, the Kents' official residence, produced copies Tuesday of a decision of the Upper Bavaria Appeal Tribunal of May 14, 1948, that appeared to support the princess's version.

The tribunal decided Baron von Reibnitz was only a "nominal" member of the Nazi Party he joined in 1931 and was never involved with any organization regarded as "criminal" by the Nuremberg War Crimes Tribunal.

Baron von Reibnitz had appealed a decision by the Court of



Princess Michael of Kent

Nuremberg Labor and Detention camps that classed him in the "less incriminating" category.

The appeal decision showed that Baron von Reibnitz became involved with the SS in 1934.

An Oxford University history professor, Norman Stone, commenting on the document, said this was only because the SS took over all equestrian associations in Germany and made their members "honorary" members of the "Cavalry SS" as well. Baron von Reibnitz was a keen horse-breeder and hunter.

## Sam Ervin of Watergate Panel Dies

By Marjorie Hunter

**WASHINGTON** — Sam J. Ervin Jr., 88, the former Democratic senator from North Carolina who gained national attention while presiding over the Senate Watergate investigation in 1973, died Tuesday in Winston-Salem, North Carolina.

According to hospital officials, Mr. Ervin died of respiratory failure brought on by a three-week bout with emphysema, gall bladder surgery and kidney failure.

Mr. Ervin described himself as "just an old country lawyer." But to millions of Americans he was the hero of the unfolding drama of the Watergate affair that led to the resignation of President Richard M. Nixon in 1974.

He was the man with constantly bobbing eyebrows and a vast repository of homespun tales, whose every move was recorded by the television cameras as he presided over the Senate Select Committee on Presidential Campaign Activities, popularly known as the Watergate hearings, in 1973.

Years later, after retiring to his hometown of Morganton in the foothills of the Blue Ridge Mountains, Mr. Ervin wrote his own account of the Watergate days, "The Whole Truth."

In typical fashion, he concluded by quoting Shakespeare, "Watergate," he wrote, "has taught us the truth embodied in these words of Shakespeare:

Sweet are the uses of adversity,  
Which, like the toad, ugly and venomous,  
Wears yet a precious jewel in its head."



Sam J. Ervin Jr.

Long before the Watergate hearings, the man known to friends and colleagues as "Mr. Sam" and "the Judge" had been regaling colleagues in the Senate with bits of poetry, Bible verses and the wisdom of Uncle Ephraim Swink, whom he described as an arthritic mountaineer.

In 1954, his first year in the Senate, he served on a special committee that recommended the censure of Joseph R. McCarthy, the Republican senator from Wisconsin.

While Mr. Ervin's roles in censuring Mr. McCarthy and in the resignation of Mr. Nixon were widely applauded, his stands on a number of other issues in his 20 years in the Senate were at odds with those of many party colleagues.

A conservative Democrat, he opposed most civil rights legislation in the 1950s and 1960s. He opposed giving 18-year-olds the right to vote. He supported an expansion of wiretapping by state courts. He generally voted to support business over labor and endorsed U.S. involvement in Vietnam.

He also led the Senate fight against the Equal Rights Amendment for women, arguing that he was "trying to protect women from their fool friends and themselves."

Mr. Ervin was respected as the Senate's leading expert on the constitution, and his advice was widely sought on constitutional issues.

Born Sept. 27, 1896, Mr. Ervin attended the University of North Carolina, then served 18 months in France in World War I, where he was wounded twice and twice was cited for gallantry. He went to Harvard Law School, then returned home to marry his childhood sweetheart, Margaret Bruce Bell, and practice law.

In 1925, he served in the North Carolina General Assembly, where he helped defeat a bill that would have banned the teaching of the theory of evolution in public schools.

He said: "Only one good thing can come of this. The monkeys in the jungle will be pleased to know that the North Carolina legislature has absolved them from any responsibility for humanity in general and for the North Carolina legislature in particular."

**Other deaths:**  
Chas. Lane, 85, the "merchant of loneliness" whose newspaper advertisements helped bring together, he claimed, more than 25,000 couples over a half-century of matchmaking, in Glendale, California.

Warren I. Susman, 58, a Rutgers University professor known as a bold and creative chronicler of U.S. pop culture, Saturday of a heart attack while speaking at the national convention of the Organization of American Historians, in Minneapolis.

Due to technical problems  
this Thursday

**INTERNATIONAL POSITIONS**

will appear on

**FRIDAY, APRIL 26.**



# Pan Am. The Experience Keeps On Growing.

**Romulo Is Ill**  
Carlos P. Romulo, a former Philippine foreign minister and founding father of the United Nations, fell ill and was forced to leave the opening session of the Bandung conference, the Philippine Ministry said. United Press International reported from Manila.

Reports from Bandung by the state-run Philippine Agency said Mr. Romulo, 82, collapsed at the session hall and was rushed to a hospital where he was declared in "good condition" after undergoing treatment.

**Panama Gains Control Of Canal's Air Traffic**  
PANAMA CITY — The United States handed over control of air traffic in the Panama Canal Zone to the Panamanian government Tuesday.

The transfer of the air control tower, an island radio station and administrative buildings from U.S. control to Panama control was done under the terms of the Canal Treaty, signed in 1977.

**China Disavows Communist Party Of Indonesia**  
The Associated Press

JAKARTA — In a bid to normalize relations with the United States, Foreign Minister Wu Jiaxiang has declared that China disavows support for the Communist Party of Indonesia.

In an interview with the Associated Press, Mr. Wu said that since the 1965 coup in Indonesia, in which the Communists were strongly opposed, most of the former party leaders have been killed or imprisoned. "There have been no more of them," he said.

After the coup, he said, the Communist Party was suspended in 1967. In 1973, a Chinese embassy in Beijing said it was a member of the Communist Party. Mr. Wu said that since 1973, the Chinese government has not received any information from the party.

Since 1973, Mr. Wu said, the Chinese government has not received any information from the party.

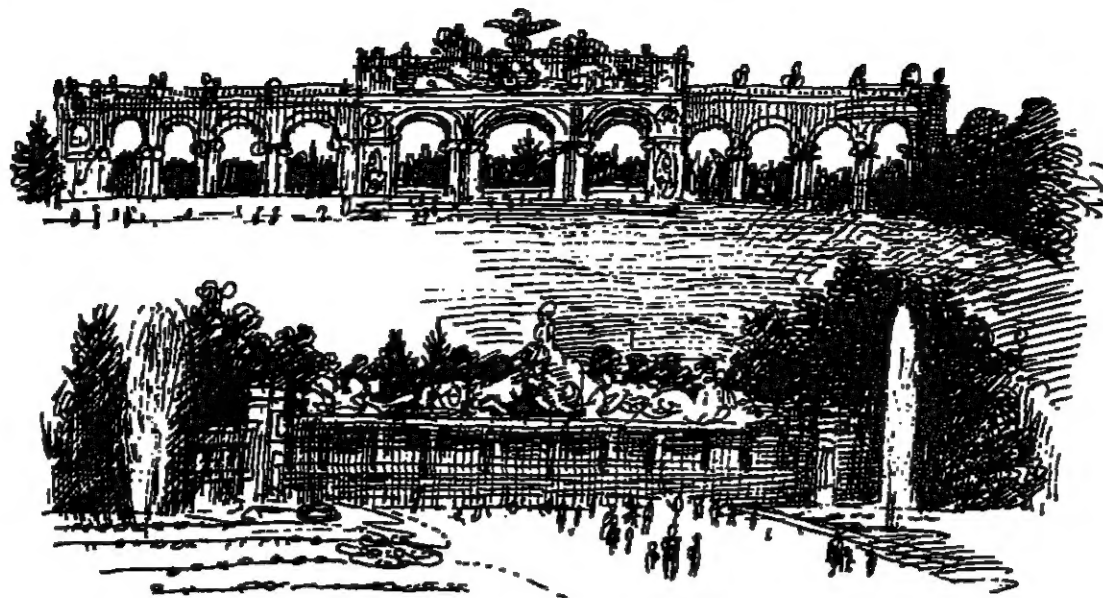
**Panel Dies**

A panel of the House of Representatives died Tuesday after a long session. The panel was the House Select Committee on Assassinations, which was studying the assassination of President John F. Kennedy.

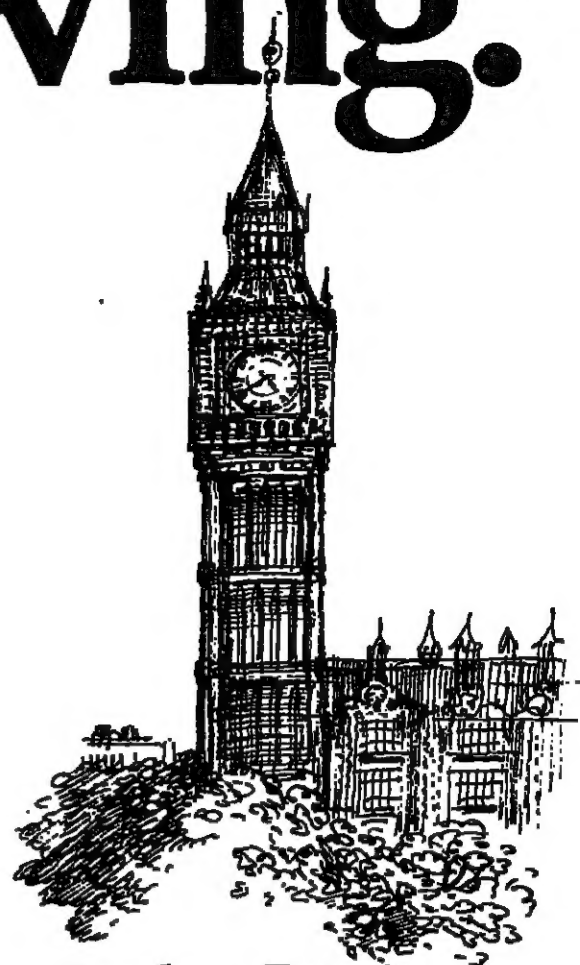
The panel was the House Select Committee on Assassinations, which was studying the assassination of President John F. Kennedy.



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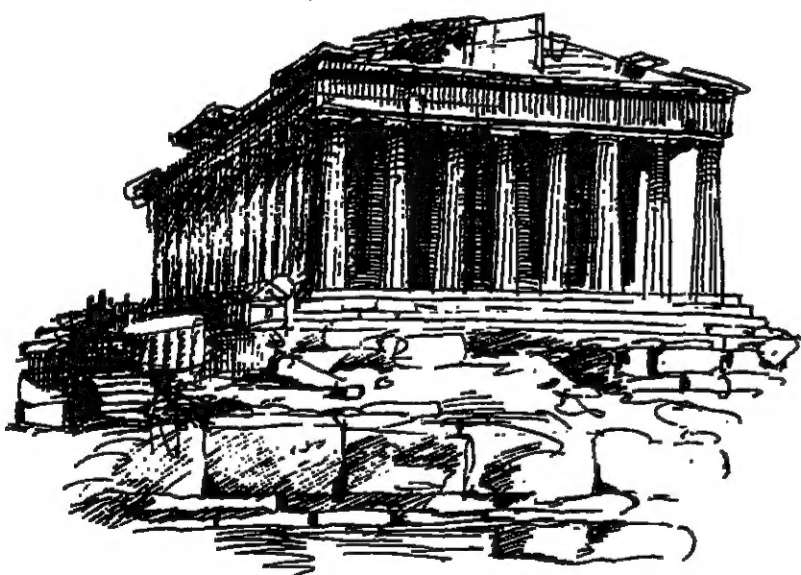
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New daily 747 nonstop to Los Angeles and on to San Francisco



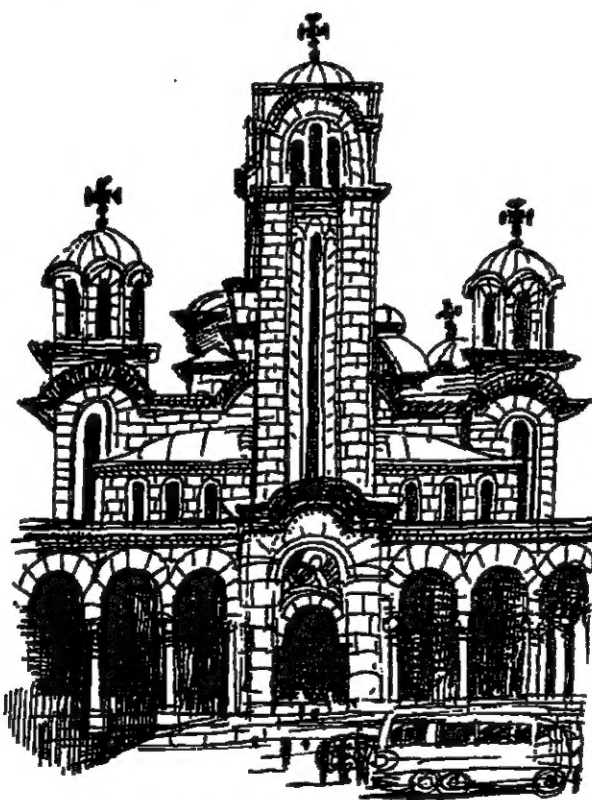
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In 1985 Pan Am's service will keep on growing. That means more nonstop flights from cities we already serve, plus new flights to even more cities throughout Europe.

So whether you're flying within Europe or to America, Pan Am is now an even better choice.

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## TIME

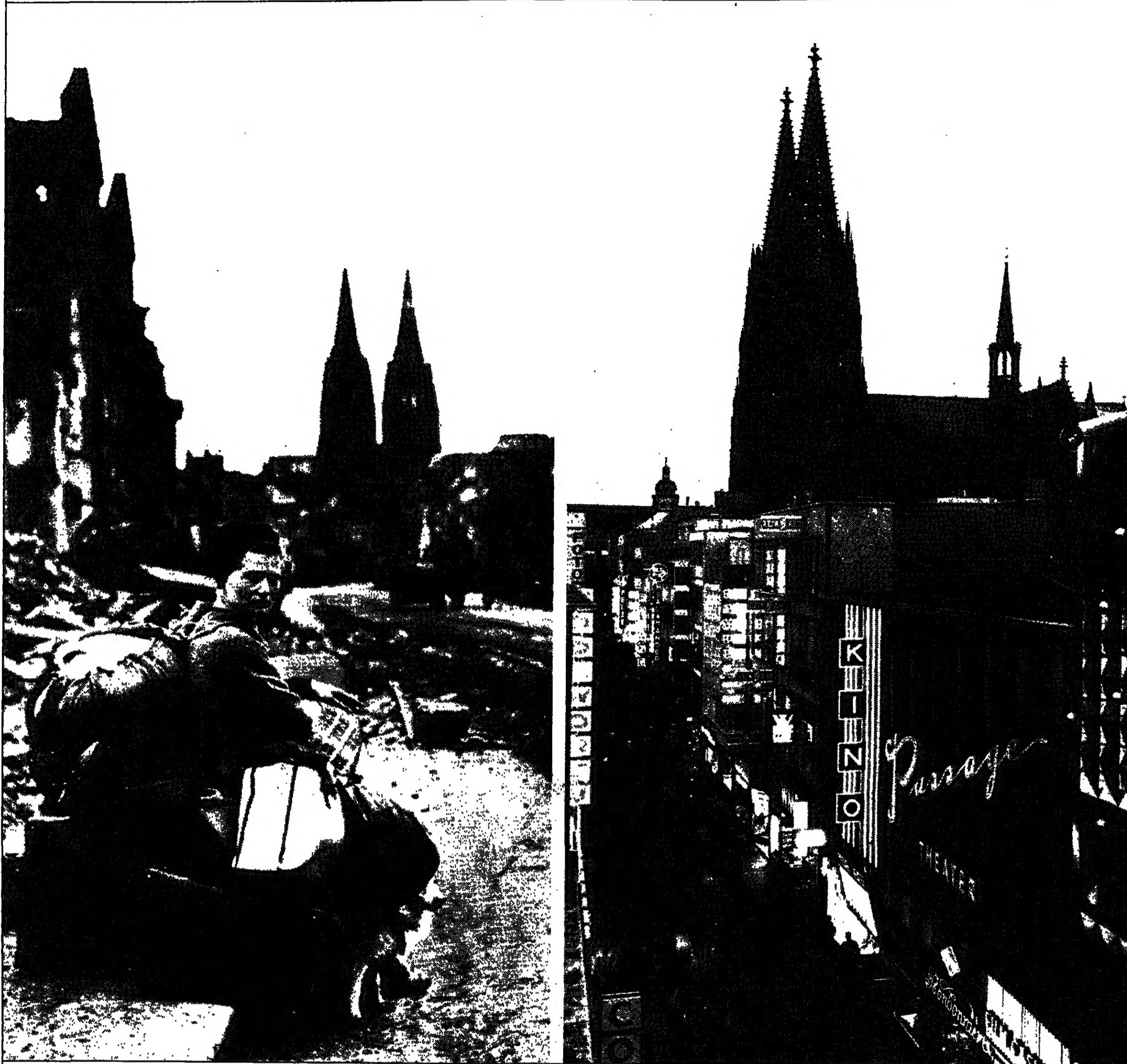


Photo: Florea—Life

Photo: Bildarchiv Huber

# Phoenix rising

*TIME Magazine commemorates VE Day by reflecting on forty years of peace, prosperity and problems.*

VE Day marked not only the end of one of history's greatest catastrophes, but the beginning of one of its greatest miracles. In its cover story this week, *TIME* Magazine surveys both the astounding successes and the sometime failures of postwar Europe.

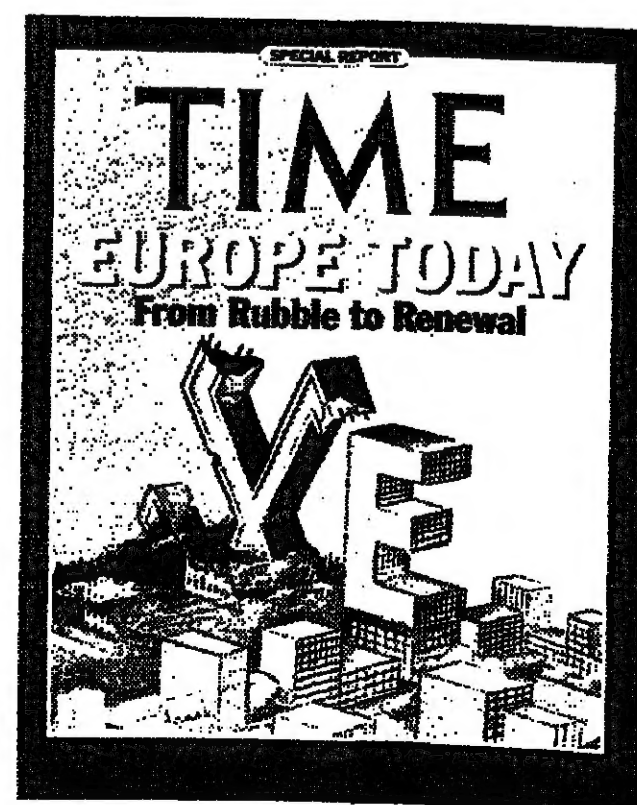
*TIME* observes that the profoundest change resulting from the war is in the way Europeans see themselves. The power they wielded for centuries passed, on May 8, 1945, to the Soviet Union and the United States. The end of the war initiated forty years of material gain. But, for many, a mere consumer society is an inadequate substitute for the old sense of national identity.

But *TIME* goes on to say that by buying

each other's products, reading each other's books, even sharing each other's disappointments in the present, the nations of Europe are discovering common cause. They are building economic, cultural and social ties that may one day lead to political union.

*TIME* also appraises the two great European anomalies: Germany divided and hoping for reunification without being sure that it is possible or even desirable; and the East Bloc, caught between Western influence and Soviet domination.

History for one generation, memories for another, *TIME*'s very comprehensive overview celebrates the 40th anniversary of VE Day by celebrating human endeavor, achievement and courage.



**More goes into it.**



## SCIENCE

## DNA Duplication Links Ancient and Modern Life

By Harold M. Schmeck Jr.  
New York Times Service

**H**UMAN genetic material, largely undamaged after 2,400 years, has been extracted from an Egyptian mummy and grown in the laboratory. The achievement is the most dramatic of a series of recent accomplishments using molecular biology to study links between modern and ancient life.

Details of the recovery of DNA from the mummy were published in the journal *Nature*. The achievement, by Dr. Svante Paabo of the University of Uppsala, Sweden, is believed to be the first in which DNA, the genetic material in all forms of life, has been duplicated from an ancient human or any other specimen of such antiquity.

In a telephone interview, Dr. Paabo said he now hoped to find genetic material from viruses in mummy tissues. This would be a great aid to the study of the evolution of viruses over thousands of years in the human population.

Scientists at the University of California at Berkeley recently detected DNA in a sample of muscle from a mammoth that died 40,000 years ago. Last year the same group extracted and reproduced DNA from an African mammal called a quagga, a relative of the zebra and the horse. This was the first time such a biochemical resurrection had ever been achieved with the DNA of an extinct animal.

Study of evolution is moving increasingly into the realm of molecular biology and chemical analyses done in the laboratory.

Fossil evidence, collected carefully over many years, had led scientists to believe the evolutionary line that led to humans diverged from that of the apes more than 25 million years ago. But comparison

of blood substances from humans and chimpanzees indicates the divergence was much more recent, perhaps no more than five million to seven million years ago.

In the early 1970s, many paleontologists considered the suggestion of this more recent date to be rank heresy. But much more evidence has been found, including persuasive data from analyses of DNA.

Dr. Allan M. Wilson, leader of the Berkeley group, said changes in a mammalian species' DNA that occur over time could be used as an

evolutionary clock. The DNA from cell nuclei changes at the rate of about 0.4 percent each million years. The DNA from important intracellular structures called mitochondria evolves at a rate approaching 2 percent every million years. Mitochondrial DNA is much studied, partly because of its more rapid evolution.

Detection of DNA in a specimen of muscle from the mammoth was achieved by Dr. Russell Higuchi, chief molecular biologist of the Berkeley laboratory. The mam-

moth calf is believed to be the best preserved example of its species ever found.

Dr. Higuchi is trying to grow pieces of the 40,000-year-old DNA in bacteria, a process called gene cloning or molecular cloning. It could produce enough of the scarce DNA for extensive studies. In a limited sense it would also be a feat close to bringing the genetic material back to life, since it would be reproducing in the bacterial cells as they grew and multiplied.

The fact that DNA in detectable amounts has survived for 40,000 years has given the scientists hope that genetic material of other long-vanished species may be found and studied in the laboratory. Further support for that hope has come from the achievement by Dr. Paabo and his colleagues.

The scientists at Berkeley have been pursuing ancient traces of life in the form of DNA in several species, including an extinct relative of the bison, called the steppe bison, that was frozen in the last ice age and uncovered several years ago in Alaska. No DNA has been detected in this sample nor in tissue from a recently discovered, unusually well-preserved specimen of the moa, an extinct flightless bird from New Zealand.

The research team in California detected DNA from an insect preserved for 40 million years in amber, but the traces were too sparse for analysis by current methods.

Dr. Higuchi said his efforts to clone DNA from the mammoth calf were being frustrated by some unknown chemical from the mammoth. It has halted the action of enzymes that must function to splice the ancient DNA to a carrier molecule that will enable it to enter and be activated by the bacteria.

Success in the effort to clone DNA from the mammoth would make possible a close calculation of the evolutionary distance between these animals, which became extinct about 10,000 years ago, and the two living species of elephants. Earlier studies, in which the blood protein albumin from the mammoth tissue was compared with the

comparable substance from modern elephants, conclusively linked their heredity.

Accounts of research on cloning portions of DNA from the mammoth have led to public speculation concerning another kind of cloning: the regeneration of a whole mammoth by inserting the complete archive of DNA from one of its cells into the embryo of an elephant. But Dr. Wilson and Dr. Higuchi said this is so far from practical reality as to be hardly worth discussing.

While mammoth tissues have survived, Dr. Wilson said, the membranes of cells have apparently all been degraded, so that most of the material from the cell nuclei has leaked out or been destroyed, leaving only about one-100,000th of the DNA that must have been there originally.

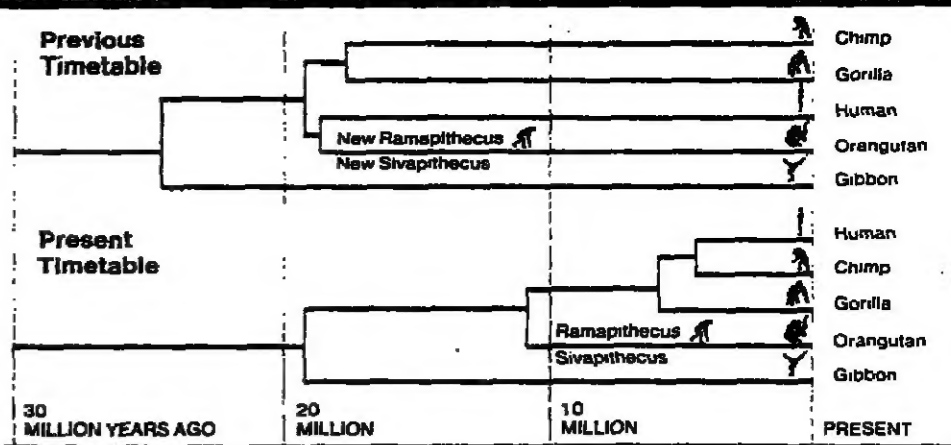
But that fact does not diminish the potential value of cloning pieces of genetic material from an extinct species. In particular, he sees the research on the mammoth DNA as a stepping stone for research on more important species. He has his eye particularly on studies that might clarify the relationship between Neanderthal man and modern humans, a subject that has puzzled scientists since the first Neanderthal fossils were found more than a century ago.

For thousands of years, the two closely related human subspecies apparently lived in what is now Europe and the Middle East. Probably both hunted mammoths. But the genetic relationship between *Homo sapiens sapiens*—modern man—and the now-extinct *Homo sapiens neanderthalensis* has always been a mystery.

Last year, scientists from the University of Florida found 8,000-year-old human remains in a remarkable state of preservation in a Florida peat bog. DNA has been recovered from these ancient human tissues. Dr. William Hauswirth of the university said that, so far, attempts to clone the DNA have not been successful.

He and Dr. Wilson are encouraged, however, by the very fact of

## Updating Evolution with DNA



finding so much intact tissue in ancient human remains. They say this suggests that the alkaline conditions of the peat bog may favor the survival of DNA over remarkably long stretches of time. The chemistry of bone also tends to protect DNA from degradation.

Since ancient human artifacts have been found in European peat bogs dating from the time when Neanderthals were still alive, Dr.

Wilson said it might be worth searching for their bones in such sites and testing for intact DNA. No such specimen, however, has yet been found. Furthermore, such a find would be considered too valuable for any of it to be spent in the destructive testing required to extract DNA, unless there was evidence that genetic material could be used for valuable studies.

It is in this sense that the success

in cloning DNA from a mummy and the research on the mammoth could be vital stepping stones. The age of the mammoth tissue is particularly important in that respect. Only if current biochemical studies verified that DNA could be usefully extracted from a sample of comparable age would anybody consider expanding portions of any fossil related to humans for attempts to find and study its DNA.

## IN BRIEF

## Robot Helps Remove Brain Tumor

LONG BEACH, California, April 18 (UPI)—A robot arm the size of a kitchen mixer, described as safer and more accurate than a surgeon's hand, has helped doctors remove a tumor in what is believed to be the first application of robotics in human brain surgery.

The three-hour operation was performed on a 52-year-old man at Memorial Medical Center of Long Beach. Dr. Yik San Kwok, who developed the computer program that makes the arm work, said the machine would never replace a surgeon but was a major improvement in the way brain tumors are located and removed.

The arm holds a probe that guides the surgeon through a hole drilled in the patient's skull and down a narrow tube to the tumor. The patient's head is held in place by a frame that contains the coordinates of the tumor. The robot is accurate to within 1/2,000 of an inch.

## New Treatment for Lead Poisoning

NEW YORK (NYT)—Pharmacologists at Columbia University's College of Physicians and Surgeons report that a simple, effective method for treating lead poisoning promises to save millions of dollars a year in hospital costs.

In the current issue of *Clinical Pharmacology and Therapeutics*, the group, headed by Dr. Joseph Graziano, said a two-year study showed that a chemical called 1,3-Dimercaptosuccinic acid, or DMSA, "dramatically" reduces lead levels in the blood.

Existing lead-poisoning therapy requires hospitalization and a series of injections with potentially serious side effects. DMSA treatment is easy and comparatively safe, the researchers said. The drug, which is administered as a pill, does not appear to remove such essential metals as iron, zinc or copper.

## Plant Species 'Hitchhike' on Cars

DETROIT (AP)—Automobiles not only help people spread across the land, they also are responsible for large migrations of plant species, according to professors reporting at a workshop on biogeography at the 81st annual meeting of the Association of American Geographers.

"Hitchhiking" of seeds on cars has made roadsides a crazy quilt of alien and, in some cases, highway hybrids have been formed. Professors Robert Frenkel of Oregon State University, Nigel Wace of Australian National University and Richard Stalter of St. John's University in New York reported.

Professor Wace, examining the sludge accumulated at a car wash in Canberra, found 253 plant species, many of them transported hundreds of miles. The sprouting of seeds from ornamental plants imported to Australia is "becoming a problem in pastures," he said.

## Halley Sighting Recorded in 164 B. C.

LONDON (UPI)—The earliest known recorded sighting of Halley's comet is on a Babylonian clay tablet dated 164 B. C., a British researcher has reported in the journal *Nature*.

Professor F. R. Stephenson of the University of Durham said another tablet in the British Museum also recorded a sighting in 87 B. C. He said the two dates provided crucial information for astronomers studying the evolution of the comet's orbit.

Professor Stephenson said appearances of the comet, due to pass over the Earth late this year for the first time since 1910, had previously been identified only as far back as 12 B. C.

## Ruins of Indian City Found Undersea

NEW DELHI (AP)—Divers searching the Arabian Sea bed near Dwarka, one of the seven great Hindu pilgrimage sites, believe they have found remains of the original site of Dwarka, legendary capital of the Hindu god Krishna, according to newspaper reports.

Earthenware and other artifacts that can be attributed to Dwarka have been found off the coast of Gujarat state in western India, newspapers said. They said archaeologists believe ancient Dwarka was established about 1500 B. C., but was submerged by the rising Arabian Sea in the following 200 years.

Dr. S. R. Rao, leader of the team of divers and scientists, was quoted as saying that discovery of the city seal, depicting a bull, a unicorn and a goat, established a link between ancient Dwarka and the Middle East.

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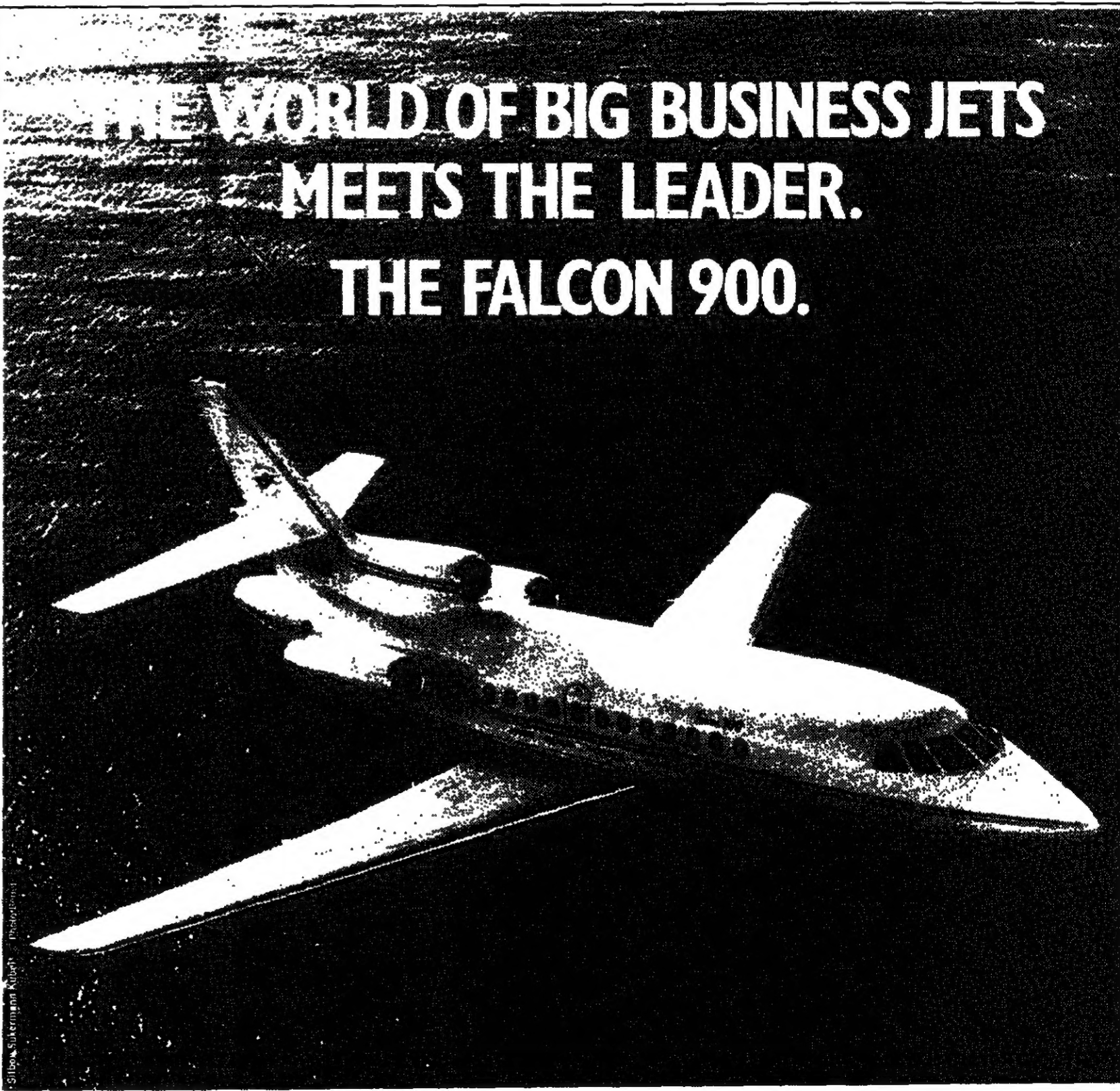
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| Country   | Currency | 1 year  | 6 mos.  | 3 mos. |
|---|----------|---------|---------|--------|
| Austria   | S.       | 3,220   | 1,810   | 880    |
| Belgium   | B.F.     | 7,300   | 3,650   | 2,000  |
| Denmark   | D.Kr.    | 1,800   | 750     | 410    |
| Finland   | F.M.     | 1,120   | 560     | 308    |
| France  | F.F.     | 1,000   | 500     | 280    |
| Germany   | D.M.     | 412     | 228     | 119    |
| Greece  | Dr.      | 62      | 41      | 23     |
| Italy   | Lire     | 218,000 | 108,000 | 58,000 |
| Japan   | Y.       | 7,300   | 3,650   | 2,000  |
| Netherlands   | F.       | 450     | 225     | 124    |
| Norway  | N.Kr.    | 1,100   | 550     | 300    |
| Portugal  | Esc.     | 11,200  | 5,600   | 3,050  |
| Spain   | Ptas.    | 17,400  | 8,700   | 4,800  |
| Sweden  | S.Kr.    | 1,100   | 550     | 300    |
| Switzerland   | S.F.     | 375     | 188     | 102    |
| The West of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East | S.       | 284     | 142     | 78     |
| Rest of Africa, Canada, Latin America, Gulf States, Asia                                      | S.       | 398     | 199     | 109    |



A Falcon 900 demonstration flight, January 15, 1985.

The Falcon 900 demonstrates leadership qualities in every important respect. First, it offers an extraordinary level of passenger comfort. All passengers who flew in it are unanimous to praise the quietness and comfort amenities of a very large cabin (2.34 m wide over 10 m long and 1.87 m headroom).

The Falcon 900 is a Leader in performance, too. With an effective range of 7,000 km (carrying 8 passengers and NBAA IFR reserves), it can easily fly from Paris to New York, from London to Abu Dhabi, from Tokyo to Jakarta. And the Falcon 900 can climb directly to 39,000 ft which puts it above international commercial air traffic. The Falcon 900 can cruise at up to Mach .85 (904 km/h) and has been flown at 94% of the speed of sound in test flights.

The Falcon 900 is also the Leader in efficiency. For long range operation, take-off weight is 20 tons, 10 tons less than its closest competitor under the same conditions and with the same

payload. Thanks to its latest-generation Garrett engines, its excellent aerodynamics and lighter weight, the Falcon 900's fuel consumption is record-breaking low: some 1/3 less than the above competitor, whose engine consumes almost as much fuel when idling on the runway as that of the Falcon 900 when cruising at Mach .80.

These figures highlight the sophisticated aerodynamic design of the Falcon 900, utilizing Dassault computer technology developed for the famous Mirage fighters—an experience that's unique among producers of business jets.

The Falcon 900 also scores first for safety. In the unlikely event that one engine should fail, the remaining two can easily supply the requisite thrust and maintain operation of the aircraft's critical systems. This level of security obviously cannot be matched by twin-jet aircraft, either now or in the future, whatever the developments in international regulations.

If you would like to know more about the

Falcon 900, please contact us for full information. It will be our pleasure to introduce you to the new Leader in the world of business aviation—the Falcon 900.

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**Business takes off with Falcon**



# Herald Tribune

Published With The New York Times and The Washington Post

## The Way a Recovery Ends

Will April, in T.S. Eliot's phrase, have been the cruelest month? Economic events may be running ahead of the grind up to the summit in May, with U.S. growth weakening and nothing elsewhere to replace it.

The evidence for much slower growth of demand in America is not yet conclusive. Early estimates are always subject to revision. Sometimes they do not even get the direction of change right. But when the so-called flash estimate of what happened in the first quarter (made even before the quarter was over) shows a surprising slowdown and is subsequently followed by an even lower but more complete estimate, the probability of a stagnant American economy becomes considerably more important.

The danger to the world lies not in the U.S. slowdown — at some stage inevitable as the stimulus from the Reagan tax cuts fades and as interest rates are kept high by continued heavy government borrowing. Rather, it lies in the disinclination of other governments to replace the force America has been imparting to a world economy that has otherwise showed signs of weakness.

U.S. officials may have acted unwisely and spoken imprudently. But no good will be done if the response of America's industrialized allies is to say, "We told you so." Statesmanship lies in cooperation, not vituperation. If the world economy is weakening because of a dwindling U.S. boost, it must be strengthened elsewhere.

When a U.S. economic slowdown means the boost that America's rising import bill has given the world in recent years is withdrawn, it is hardly profligate and inflationary to suggest that other rich countries

should replace it by encouraging stronger domestic demand. And elementary economics dictate that if a cheaper dollar, so long desired by all, is to reduce the U.S. trade deficit — and the associated protectionist pressures — Europe and Japan have got to take accompanying measures.

A weaker dollar will not correct the deficit unless other countries make sure that their own demand is sufficiently buoyant to absorb additional imports from the United States and to enable their own producers to sell in places other than America.

The reluctance of important Western governments (including Japan) to recognize these simple truths is disturbing. Their policies seem now excessively concentrated on the reduction of their own budget deficits, regardless of the economic conditions surrounding them. There is no magic number — zero, for instance — for the bottom line in the budget. What is appropriate varies with the prevailing relationship between private saving and investment, and also with the general level of resource utilization and employment. The world will be ill-served if governments forget that the budget should balance the economy, rather than the economy balance the budget.

Europe and Japan are not faced by imminent economic collapse. But if they do nothing to offset the probable weakening of American growth, their own growth will taper off, too. Recession, in Eliot's words, will come not with a bang, but a whimper, and it will bear heavily on the Third World countries struggling to increase their exports so as to be able to service their debts on time.

INTERNATIONAL HERALD TRIBUNE

## Coke: Those Vintage Years

The year is 1995 and we are at a blind tasting sponsored by a national organization of connoisseurs — Les Amis du Soda-Pop. The man sitting at the table clears his palate with a handful of Cheez-its, pours from an unlabeled one-liter plastic bottle, sips and makes the appropriate moustache-washing noises.

"Definitely pre-1985 Coca-Cola," he says. "A touch less fructose, slight taste of cherries with undertones of Hershey bar and a distinctive caffeine finish. Needs a few more years in the bottle," he tells learned colleagues.

"Au contraire," says a companion after tasting. "A 1981 Pepsi — perhaps one of the suburban northern New Jersey bottlings. Still a little rough, I'm afraid. It is a good soda-pop, but hardly a great soda-pop."

Welcome to the era of vintage colas. It was inaugurated Tuesday by Coca-Cola Co., which announced "the most significant soft-drink development" in its history: a new taste for Coke. It is "smoother, rounder and bolder," said Coca-Cola's chairman, Roberto C. Goizueta. According to other sources in the company, it is also a little sweeter. Whatever it is, Coke hopes people will look on 1985 as a very good vintage, the first of many.

The change was made because Coke, while still the world's No. 1 soft drink, was losing ground to the company's own Diet Coke and to rival Pepsi, which had a sweeter taste than

Coke. PepsiCo Inc. greeted the change as a sign of panic on the part of its adversary, and took out ads that said, "After 87 years of going at it eyeball to eyeball, the other guy just blinked." That "eyeball-to-eyeball" business was coined immediately after the U.S.-Soviet nuclear missile crisis in 1962 and continues to be reserved for world-altering confrontations.

Bill Cosby, an American comedian, will be promoting the new, sweeter Coke in a series of television commercials, and never mind that you might have seen him recently on TV promoting Coke on the grounds that it was less sweet. Apparently less sweet is not what most young people want, and what young people want, they appear to be getting.

Some will cling stubbornly to the old, however, storing away Coke from what they consider to be the good years, pre-1985, in temperature-controlled cellars, bringing it out in dusty bottles for special occasions. Fine restaurants will maintain leather-bound cola lists, and people will seek to impress their dates by sending back inadequate bottles. Eventually a rare 1956 six-ounce (0.18-liter) Coke in the distinctive thick green bottle will be auctioned at Sotheby Parke Bernet for \$50,000 to a man who will keep it in a place of honor on his mantle until one night, tired of looking at it, he will drink it with a bag of potato chips.

— THE WASHINGTON POST

## Other Opinion

### Change in Southeast Asia

It is now 10 years since the fall of Saigon and, apart from the dreadful fate suffered by the Vietnamese people, few of the bad consequences that were expected to flow from the American defeat have materialized. The rest of Southeast Asia has not fallen victim to communist subversion like a row of dominoes.

Vietnam itself is a hell on earth, with a formidable army equipped by the Soviet Union. But so far this potential threat to her neighbors has proved far less destabilizing than the Russians must have expected, perhaps because the awfulness of communist rule in Vietnam has killed off any desire among other Asian peoples to travel down the same literal dead end. More encouraging still is the astonishing recovery that the United States itself has made from what amounted to the worst defeat in its history; a total recovery of nerve to the point where some Western allies are now fearful that President Reagan's America may have again become overconfident.

Possibly the most useful practical lessons from the Vietnam debacle have been learned by the American armed forces, who are determined never again to make the same mistake. Thus it can be hoped that if the United States

does feel compelled to intervene militarily in Central America, the action will be swift, overwhelming and decisive, instead of in dribs and drabs as happened in Vietnam.

— The Sunday Telegraph (London)

### Missing the Point on Bitburg

Time that works to heal wounds can also weaken memories that deserve to be kept strong. President Ronald Reagan, who should know better, has suggested that the SS graves in the West German military cemetery that he plans to visit next month are those of very young men, children almost, impressed into service in the last months of the war and free from any association with the crimes of the Nazi era. The president has even suggested that those buried at the Bitburg cemetery, like those who died in the concentration camps during the Nazi period, are equally victims of Hitlerism. To believe this is utterly to miss the point of what the SS was all about and what the controversy over Bitburg involves.

Who is buried at Bitburg is unimportant. It is the SS insignia on certain graves there that are of paramount significance and that make a presidential visit to the site inconceivable.

— The Los Angeles Times

## FROM OUR APRIL 25 PAGES, 75 AND 50 YEARS AGO

**1910: Halley's Comet Corrupts Town**  
SOUTH NORWALK, Connecticut — The prospect of seeing Halley's comet made almost everyone here get up at three o'clock [on April 15]. Had it been visible everybody would have seen it. Why it was not visible is something everybody is too sleepy to talk about. Councilman John Paul is authority for the statement that there was drinking in town. He states that every drinking person took at least one drink before three o'clock and that after three o'clock the drinks taken were as the stars in the firmament. It was not until breakfast that hope of seeing the comet was abandoned. The person who started the report that South Norwalk and the comet would come within seeing distance decided to keep his identity a secret after he saw the effects of the false alarm.

**1935: Light Is Said to Have Weight**  
NEW YORK — Evidence that light has weight was presented to the National Academy of Science by Dr. Robert J. Trumpler, of Lick Observatory, who, measuring light waves from light stars and heavy stars, found that the light from the heavier stars was stretched by its effort to escape into space. Dr. Trumpler admitted that the equation at first seemed nonsensical and said: "What actually happens is that the light waves require to expend some of their birth endowment of energy in escaping up in the heavy gravitational field surrounding the star." By long observation of large hot stars, Dr. Trumpler has differentiated between red shift in spectra known as the Doppler effect, due to the motion of the stars themselves, and red shift, resulting from relativity.

## Japan Must Adopt Principles of Free Trade

By Bob Packwood

WASHINGTON — In the international trading system, there is no "free lunch." Fairness requires that everybody contributes to the check. That includes Japan.

Reaction in the U.S. Congress to Japan's insular trade practices reflects a coalition of the two principal elements of Capitol Hill trade philosophy: free-traders and protectionists. Since the postwar trading system was created, Congress has always had members who favor protecting U.S. industry with high tariffs, quotas or other restrictions, and members who prefer to let the competitive chips fall where they may in a free-trade environment. The free-traders are the majority, of which I am part.

Both sides find common ground in their mutual willingness to limit Japanese access to the American market. For free-traders, such a limitation offers a lever to open the Japanese market; for protectionists, the aim is to close our market. For free-traders, genuine access to the Japanese market will end efforts to limit access to our market; for protectionists, no Japanese-market opening will diminish their desire to shield our industries from foreign competition.

Japan can remove the foundations of this coalition by significant improvements in access to its market — but must do so quickly. Notwithstanding Prime Minister Yasuhiro Nakasone's appeal to the Japanese consumer to buy U.S. goods, the consumer is not the problem: America can compete in Japan's markets, but only if it is allowed in.

Japan must remove tangible barriers — for example, quotas on imports of meat, fruit, vegetables and leather; high tariffs on processed wood, tobacco, chocolate and other products; burdensome testing, labeling and certification procedures; and impediments to the importation of services.

We are told that many of these barriers benefit powerful political constituencies and that their removal would be painful. This is understandable and familiar but cannot be an excuse for a failure to act. We in Congress also are subject to political pressures. But if we believe in free trade, we do not bow to them.

A televised plea by Mr. Nakasone



"Welcome! Welcome!"

to the Japanese people to respond to the trade crisis was courageous. But it reflected a double standard. He begged Japan's industries to accept adjustment to competition, but suggested only a vague timetable.

Although we can sympathize with the plight of uncompetitive Japanese industries faced with sudden foreign competition, and may even admire Mr. Nakasone's sensitivity to the plight of dislocated workers, we must remember that Americans have been paying this price for some time. We have accepted a loss of jobs in uncompetitive industries. But we will not accept a loss of jobs in competitive industries because of an inability to overcome barriers that preserve jobs in uncompetitive foreign industries.

We will not accept Japanese excuses that assume that it would be easier for our system than Japan's to cope with such adjustment.

Congressional foes of protection-

ism and domestic industries with important exporting interests, have long argued that erection of protectionist barriers would invite retaliation by countries denied access to the U.S. market. For example, U.S. agriculture consistently has resisted protectionism for our textile, auto and steel industries in the knowledge that such protectionism threatens foreign markets for our agricultural exports. This free-trade position has successfully deflected protectionist initiatives.

Thus, free trade rests on a pragmatic foundation. It is based on the proposition that protection for one industry will be paid for by another industry; that, in addition to lost export opportunities, protectionism erodes consumer purchasing power. In the final analysis, free trade is a form of enlightened self-interest. It is this idea that Congress is intent on applying to the Japanese.

Japan's export-led development

has depended upon access to other markets. Tokyo must now understand that Japanese industries that have enjoyed this access will have to pay the price of protection given other Japanese industries.

The fury over U.S.-Japan trade does not reflect resistance to competitive Japanese exports — autos or otherwise. It does not reflect the fact that America's \$37-billion trade deficit with Japan is likely to grow to \$45 billion this year. Rather, it is a question of opportunities denied to competitive U.S. industries.

The trading system can survive only if its benefits are equitably conferred on all countries. Congress is insisting that Japan adopt the basic principles of free trade.

The writer, a Republican of Oregon, is chairman of the Senate Finance Committee. He contributed this comment to The New York Times.

## Democracy Fails to Halt Slide in Bolivia's Fortunes

By Ernesto Aranibar

**LA PAZ** — When the late Tancredio Naves was elected president in Brazil, the cover of an international edition of Newsweek magazine read "Good Morning, Democracy." It reflected a euphoria for "rational utopia," as the Council on Hemispheric Affairs called it, as Brazil and Uruguay followed Argentina in replacing despised dictatorships with civilian governments. But the very expectation of "resurgent democracy" may constitute its greatest weakness.

Bolivia experienced the same euphoria in October, 1982 when a constitutionally elected government took over from one of the continent's most heinous and corrupt military regimes. In the words of a Uruguayan political leader, the Bolivian transition had created a "brilliant" example for Latin America's people by coming to power without violence, under the protective canopy of national unity.

But since then few have mentioned Bolivia in terms of hope. Given the country's lead in the movement toward democracy, its steady deterioration is shattering "rational utopia" in

one nation and poses a potential danger to the rest of the continent.

The international public has gross misperceptions of today's Bolivian problems: that it is a country incapable of combating drug traffic, and is refusing to pay its foreign debt.

These problems are the legacy of military regimes. It remains unacknowledged abroad that it was not the democratic government, but rather its military predecessors, that suspended Bolivia's debt servicing to the international private-banking sector and fell behind in repaying multilateral agencies and foreign government creditors — an obligation amounting for more than 70 percent of Bolivia's total public-sector debt.

Even though no fresh money has been forthcoming from the international private-banking sector since 1979, Bolivia's civilian government has been forced in the last two years to pay up front for essential imports that are unconnected to restrictions and obligations imposed by regional

or bilateral agreements. In effect, there exists an international financial blockade against the La Paz government for the past sins of military regimes that largely oversaw the construction of such debts — a condition that is beyond any justification.

For all its profound political and economic difficulties, the Bolivian government has dealt with its debt-inheritance responsibly. The new government's first move was to renegotiate the 26 percent of its public debt that was owed to Brazil and Argentina, and to significantly standardize its multilateral obligations.

In 1983, it resumed the payments in an effort to surmount the international blockade. La Paz devoted about \$317 million in scarce export earnings to foreign creditors. That may seem a paltry sum abroad, but it represented 42 percent of the country's total export revenues, and almost 10 percent of its gross domestic product, at a time when export earnings were halved due to nonpayment

to Bolivia of money owed to it by some neighboring countries.

Complicating the crisis further was the devastating 1983 drought, which cut domestic agricultural production by nearly 25 percent.

But these sacrifices have not been fully appreciated abroad. Though last year our economic situation became practically unbearable, La Paz continued to honor its commitments to multilateral agencies.

Nevertheless, when the government announced that it would have to suspend temporarily its debt-service payments to foreign private banks (a move that the former military regime had undertaken with much lesser consequences), the world community reacted harshly.

Even otherwise neighborly South American governments halted programs over the debt-servicing move.

Given the one-way sacrifices that characterize the austerity adjustments demanded of Latin America, Bolivia's troubles could be — and have been — easily dismissed by foreign observers wanting full compliance with contractual obligations. This is a dangerous mistake.

The country's economy is being strangled, and with it the last hopes for consolidating democracy in Bolivia. With an inflation rate of more than 2,000 percent in 1984, our people are bearing the grim, day-to-day burdens of the economic crisis. Minimal basic needs are not being met. Now the democratic fabric that has tenuously bonded the country's disputatious provinces for the past two and a half years is unraveling.

Bolivia once again is becoming ripe for violence, and if democracy is extinguished, the country will be irretrievable as a sanctuary for South America's many cadres of displaced dictators and organized drug mafias. The threat that Peruvian-style Shining Path terrorists will arise out of poor rural areas is increasing.

Considering Bolivia's location in the heart of the continent, such a development presents grave implications for the still fragile democratic governments surrounding it.

International attention must be brought to bear if only to avoid intensifying by neglect the destruction of Bolivia's economy, as well as its fledgling democratic experiment. One of the most intelligent and constructive ways to welcome democracy to South America and encourage its consolidation is for the West to open its eyes and to develop immediate and medium-term economic and diplomatic ventures that will guarantee the institutionalizing of responsible and constitutional government.

The writer served the current Bolivian government as minister of finance and minister of planning. He contributed this to the Los Angeles Times.

## America Experiences an Identity Crisis

By William Pfaff

**BOSTON** — In mid-April, Senator Daniel Patrick Moynihan returned to Harvard, where he once taught, to deliver a series of lectures on social policy. He returned to a subject that once made him notorious, that of family and poverty.

Twenty years ago his remarks about the plight of the fatherless black family and the persistence of a culture of ghetto poverty were taken, by the ignorant, the innocent or the mischievous to be "racist."

At Harvard this year, delivering the Godkin Lectures, he said that children in the United States have become the most severely affected victims of poverty and family disintegration. He deplored the lack of a national family policy, America is the only industrial democracy which does not have such a policy. It does not even simply declare that "it is the policy of the American government to promote the stability and well-being of the American family; that the social programs of the federal government will be formulated with that in mind."

One reason there is no family policy, however, is that a fundamental change has taken place in the United States in recent years. It no longer is easy to answer the question of what norms are to be accepted as proper for American society's organization.

The traditional family is a social unit repudiated by a certain number of Americans. The idea that the state should attempt to influence the rate of divorce, or of illegitimate births, or concern itself with the single-parent family (which makes up 19 percent of all families with young children), or with sexual roles and sexual "preferences," is rejected by a great many people.

The Reagan administration also is hostile to social intervention, not because it is indifferent to issues of value, but because it holds that the social programs of the Great Society kind made things worse, not better, for the inner city family.

This is an argument for which there is some evidence, although the matter is very complicated. But it also reflects an extremely narrow view of the responsibility of government, when confronted with distress on the scale that now exists among certain groups in the United States. Moreover, many current

programs and policies of government affect the condition of the poor, and the family, whether they are meant to do so or not.

At the heart of the larger issue is a change in how Americans define themselves. In the past, the United States was considered by the vast majority of its citizens an Anglo-Saxon Protestant nation, with the social and ethical responsibilities following upon such an identification. Moral, religious, and racial minorities in the United States lived on the majority's terms. If you were a Catholic, Jew, or nonbeliever,

The idea of a national morality and ethnic or religious identity has all but disappeared.

er, you expected, and demanded, the right to be left alone to live as you saw fit. But you could not be unaware that your position imposed disabilities upon you in the life of the larger society.

There was intense pressure to conform and assimilate. The public schools indoctrinated immigrant children in the language, culture, and patriotism of the Protestant majority. This is the principal reason immigrant Catholics created their own school system in the 19th and early 20th centuries.

The piety of government and schools was Protestant. It was a major development in American history when an Irish Catholic, John F. Kennedy, was elected president in 1960 — only after submitting to public cross-examination upon the supposed conflict between his religious and political duties by a group of Protestant clergymen.

Since the 1960s, the idea of a national morality and of a national ethnic-religious identity has all but disappeared. This has left a void. The "Moral Majority" and other evangelical Protestant political action groups have recently been attempting to establish their version of the Protestant ethic as, in practice, the national code, but this is

not going to succeed. The interpretation of constitutional law, as it has presently evolved, will not permit it, nor will the non-evangelical majority tolerate it. The country, in practice, no longer is Protestant. In real terms, it may no longer be even a Christian country, or a Judeo-Christian one — given the religious indifference and ignorance of many of those who are at least nominally members of those traditions.

The Puritan sense of "darkness, quiet and intrinsic limitation" which animated American society for three centuries is gone, or wholly secularized. Demographic change — the flood of Latin and Caribbean Americans, and Asians, who have entered the country since the 1960s — makes it impossible to think of America in the old way.

Six percent of the population is foreign-born. More than 10 percent, 23 million people, speak a language other than English at home. The Asian population totals 3.7 million. The North American share in American immigration has fallen to about 10 percent. There has been something like a collapse in controls on illegal entry from Central America, Mexico and the Caribbean. Bilingual, or minority-language, public education is now a demand in many communities.

The elite, or elites, the country once possessed, of Puritan New England, but also the regional patricians of the Atlantic seaboard, South, and West, have been unseated or dispersed. Community leadership is now wholly mercenary — or plutocratic. Few any longer accept a code of public responsibility or obligation that is linked to inherited position or inherited religion.

The national culture, the unifying culture, is provided more by national television than by schools or the private transmission of a coherent code of belief and behavior. It is, thus, thin as paper, and devoid of conscious moral content.

The country, in short, is wide open. It used to be that every American was on his own, and thought he could make of himself what he wanted. That concerned material success. Now the wilderness is moral, and the frontiers ethical. It is no longer possible to give a secure answer to what it is to be American.

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## A New Look At Aid Is Required

By Jonathan Power

**LONDON** — Western summits give more time than is commonly supposed to the economic predicament of the Third World. This is a convention that does not date back to the debt crisis, but actually precedes it by several years.

The convention is partly a concession to the French, who feel a passionate philosophical commitment to the destiny of the Third World, even if, in material terms, they do little more than anyone else about it. It is also partly the legacy of the era of Helmut Schmidt, James Callaghan and Jimmy Carter, all intellectually convinced of their responsibility.

At the Bonn summit starting May 2, the subject will be up for discussion again. But, except for the French, the participants will be in an anti-aid mood. The Americans and to a lesser extent the British, the West Germans and the Canadians, are increasingly absorbed by the fundamental question: Does foreign aid work?

While no one is suggesting that emergency food shipments to famine areas be curtailed, Prime Minister Margaret Thatcher of Britain and President Ronald Reagan of the United States are asking what Africa has to show for the billions of dollars poured in over the last 20 years.

It is a fair question and one that liberals too often shy away from asking. Few of them have read the study published by the development assistance committee of the Organization for Economic Cooperation and Development in 1979. It concluded that there is no scientific proof that official development aid has had "a measurable, positive and, in relation to cost, significant effect on development in the Third World."

In 1983, the Institute for World Economy in Kiel, West Germany, compiled a summary of previous studies on the issue for that country's Federal Ministry of Economic Cooperation and added to it its own economic profiles of 80 Third World countries. It found that:

• For most black African countries that have received relatively high amounts of aid it is difficult to determine whether this investment has had any impact on development.

• Development aid has a positive impact in those countries that need it least. It has been most effective in developing countries with medium or above average per-capita income, in particular those in Asia.

• If the donors' interest is cost effectiveness, then aid should be concentrated on these countries.

The fact that aid can be shown to work in the medium-income countries — South Korea, Pakistan, Taiwan — tells us something important. If the basic structures of the economy are roughly right, then everything that is put into it will contribute to development. Aid may be small relative to other kinds of investment, domestic and foreign, but if it enables development to be carried out, there should be no second thoughts.

The difficult question is with the low-income countries, particularly the African ones where evidence suggests aid is going into a bottomless pit. In some African countries aid has amounted to 80 percent of total investment. There is clearly no point in going on with this if the structures are so skewed that the money shows no overall return. But there is also no reason to throw in the sponge.

Examples in black Africa show that if the structures are basically right then economic growth does take place. The Ivory Coast, Malawi and Botswana have long track records of success. Zimbabwe has shown what the amazing revolution in the productivity of its peasant farmers — a fourfold increase in production despite the drought — what can be done if the right kind of advice is given.

With aid so important an ingredient in the budget of most African countries, donors do have the potential for leverage. This is why the World Bank is doing so important. Its recent effort to persuade Western governments to lend it \$1 billion for aid projects in Africa was contingent on persuading African governments to loosen the shackles of intervention, to restore market economies and to allow the independent functioning of basic price mechanisms.

The World Bank probably should go further. It should recognize more openly that few African countries have the administrative skills to make development work. The four African countries that have been successful all have large expatriate populations. It is time this issue is confronted squarely, upsetting though it might be to African self-esteem.

If the summit is merely an occasion for conservative spirits to renege on aid, then this will be the easy way out. The hard way is to confront the liberals and the Third World lobby with the facts and offer to maintain and even increase aid if the conditions for success are introduced. Africa must not be allowed to sink into decline and despair because of the superficiality of the aid debate in the West.

Jonathan Power is a senior editor at the International Herald Tribune. All rights reserved.

## LETTERS TO THE EDITOR

### Stop Raking Up the Past

Having had most of the Lithuanian-Polish-Ukrainian side of my family deported and/or exterminated by the other great dictatorship of the era, I know that Nazi-type crimes are not peculiar to Germans and that there is a time when it is necessary to stop raking up the horrors of the past. It is right for President Reagan to visit the site of a concentration camp. But it seems short-sighted to state that he cannot visit Bitburg cemetery because Waffen SS members are buried there. As late as 1944, thousands of young Germans entered the Waffen SS for about the same reasons that Americans were joining the Ma-

ines instead of waiting for the draft — it was an elite fighting force.

HAROLD O. J. BROWN,  
Klosters, Switzerland.

### Democracy and Seasons

Jonathan Power, in "Democracy Is Winning, but the Betting Stays Open" (April 6), purports to see a phased evolution of democracy on a global basis. Entering the democratic fold and staying in it are two different things. Democracy endures only in countries with long distinct seasons. Democracy does not flourish under the tropical sun.

BENJAMIN N. BROWN,  
New York.

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Summarised Balance Sheet as of September 25, 1984 (SR)

|                                 |                |
|---------------------------------|----------------|
| Capital & Reserves              | 3,200 Billion  |
| Deposits                        | 51,620 Billion |
| Loans & Advances                | 20,030 Billion |
| Total Assets                    | 57,615 Billion |
| Total Liabilities               | 90,633 Billion |
| Net Profit for the year         | 499 Million    |
| US\$ 1 = SR. 3.56 approximately |                |

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## A SPECIAL REPORT ON BAHRAIN



Two students study computer technology at the Gulf Technical College.

## Domestic Banks Moving 'Down Market'

MANAMA — Bahrain's bankers have discovered the small to medium-sized merchant. Armed with briefcase and pen, they are lining up at his shop with offers of overdrafts, letters of credit, term loans, advice on how to improve his cash flow or better structure his balance sheet.

The sudden star status of the smaller merchant, defined as having a sales turnover of between 100,000 dinars and 1 million dinars (\$270,000 to \$2.7 million), stems from the stiffer competition among the island's 18 domestic banks as they move "down market" in search of continued lending growth.

Up to this year, the domestic banks had largely avoided the misfortunes of their offshore cousins. They were better able to weather the region's economic downturn due to the greater resiliency of the Bahraini economy and its broader diversification from oil.

The banks' consolidated assets grew nearly 9 percent to more than 1.8 billion dinars in the year ending last September, compared with a 4-percent gain registered by the offshore banks. Total lending surged by nearly a quarter to more than 721 million dinars, and reasonably healthy returns were recorded; among them, a 5.6-percent gain in net earnings to 13.2 million dinars by the National Bank of Bahrain, which dominates the market.

But indications are that 1985 will not be as rosy. Growth in liabilities to the end of the third quarter to fund the asset growth, for instance, came almost entirely from new government de-

posits, which jumped 463 percent to 248 million dinars from 44 million dinars. On the other hand, customer demand accounts from the private sector, which form the core of the cheaper deposits so appealing to a bank's profitability, declined about 17 percent to 162 million dinars. Total time and savings deposits from the private sector fell during the same period by 5 percent to 560 million dinars.

Furthermore, the potential market is small: Population, including the expatriate community, barely totals 400,000. There is only so much growth in imports or construction such a small population base can support, especially when several of the last big government projects are drawing to a close. The share of total lending for trade and construction fell to about 50 percent from 60 percent a year ago, according to Bahrain Monetary Agency figures.

Thus, the banks are refocusing their strategies toward new markets such as the small to medium-sized merchants, who were previously ignored because of the lower volume of business and the perception of higher risk. But the risk, if properly assessed and collateralized, is rewarded with the far higher margins that can be charged.

British Bank of the Middle East has opened a network of automatic teller machines to capture a larger share of the retail end of the business, and it is concentrating some of its lending resources on the manufacturing sector. Although still relatively small, industrial lending is the

fastest-growing sector for the domestic banks, its share having doubled since 1983 to 15 percent.

Several of the banks are also looking for growth abroad. Perhaps the most interesting example is the expansion of the Bank of Bahrain and Kuwait to other Third World markets rather than to London or New York, where the competition has trimmed margins below the risk represented. It opened a branch in Bombay last year and plans to open new branches in Karachi and Istanbul this year.

While there are 18 banks with full commercial licenses to operate in the domestic market, four banks dominate with at least 80 percent of the loans and deposits: National Bank of Bahrain, the Bank of Bahrain and Kuwait, Al Ahli Commercial Bank and Standard Chartered. Most of the other banks, such as Citibank or Chase Manhattan, have kept a low profile in the domestic market, concentrating instead on offshore operations.

But the market shares held by the big four, not to mention their profitability, will undoubtedly come under pressure from the recent entry into the market of the Bahraini Saudi Bank. Formed with an authorized capitalization of 50 million dinars and containing a diverse base of shareholders from both Saudi Arabia and Bahrain, Bahraini Saudi will have to go after the existing client base of the other banks if it is to show reasonable growth.

— KEVIN MUEHRING

## Bank Regulators May Face Efficacy Test

(Continued From Previous Page)

under regulatory supervision in its home country.

Key to the BMA's regulatory policies is the exhaustive amount of reporting required by all the banks, whether domestic or offshore. In 1983, the BMA began to require more comprehensive disclosure in the accounts of the banks, including a more detailed classification of assets by country and maturity, and more specific data on the largest loans and loans to directors.

Particular emphasis has been placed on problem loans and the level of provisioning against non-performing loans, which, according to BMA definitions, is any loan whose interest is more than 90 days past due and therefore cannot be added to the profit-and-loss account.

The BMA's charter, according to its creators, was designed with "permissive clauses" to give the authorities considerable flexibility in dealing with the banks on an indi-

vidual basis rather than setting policy through strictly defined ratio guidelines.

Thus, while there is no formal lender-of-last-resort clause in the BMA charter, the agency will clearly stand behind any of the domestic banks, and while the offshore banks do not have the guaranteed access to BMA facilities, there is also little question the BMA would work with shareholders or other financial institutions to intervene should one of the offshore banks suffer liquidity problems.

The offshore banks have no reserve requirements imposed on them (one of the main reasons they are there) nor are there any formal capital-adequacy or loan-to-deposit ratios. The domestic banks are required to set aside only a minimum of 5 percent in cash deposits against their dollar-denominated liabilities and 1 percent against foreign-currency liabilities. The capital-to-asset ratios of the banks, in fact, range from a "low" of 6 per-

cent (high by standards elsewhere in the world) to a high of 30 percent, according to the BMA.

The BMA is also responsible for directing monetary policy and ensuring adequate liquidity for the domestic system. It maintains a discount window to which the domestic banks have access and it will also lend short-term dinars, with government relief bonds or the bonds issued by the Aluminium Bahrain company as collateral. Overnight and one-week dollar/dollar swap facilities have also been available since 1975.

The BMA has established a strict dollar/dollar exchange rate, pegging the dollar at 377 fils to the dollar since 1980, under the theory that stability removes the incentive to speculate in the currency.

Last year, hoping to enhance competition among the domestic banks, the BMA also instituted a prime lending rate, to be posted by the domestic banks and currently at about 11 percent. The BMA also

imposes a lid on the interest a domestic bank may pay on dollar-denominated deposits, which is based on a sliding scale of 6.5 percent for a one-month deposit and up to 8.5 percent for a 15-month deposit. The rates on deposits placed for longer than 15 months are open to negotiation.

The ability of the BMA to see its policies through probably lies with its strong lines of communication with the banks rather than with implicit enforcement powers. To its credit, it is largely free of the political in-fighting with the banks that has characterized the regulatory situation in Kuwait.

But the political backing of the BMA by the Bahrain government is perhaps best illustrated by the fact that the prime minister himself, Sheikh Khalifah bin-Sulman al-Khalifa, is its chairman — in a situation where the BMA would have to take on a powerful group of shareholders, best bets are on the BMA.

## OBUs Seek New Markets After Decade of Growth

(Continued From Previous Page)

have been scrambling for new markets ever since. The search has led some of the better managed and more innovative institutions into a broadly based international presence or toward the services and instruments one would normally associate with that of the investment banker.

These developments over the last year or more mark a certain maturation in the Bahrain offshore market. Future growth is likely to be less in numbers — the consolidated assets of the 77 offshore units seem to have settled into the \$60-billion to \$62-billion range — and more in the diversity of products and services, and in new capital-market instruments, in both the primary and secondary ends of the market. The growth in lending to the re-

gion has been hurt by the Gulf war, the sharp downturn in spending and the Souk al-Manakh debt crisis.

Assets denominated in regional currencies, for instance, declined 10 percent to \$9.9 billion, or 16 percent of the total, its lowest level since the offshore units came into existence.

Unfortunately, many of the units, especially the Arab-owned ones (with the exception of Arab Banking Corp. and Gulf International Bank), have been unable to counter lower regional growth with an expansion into the international arena. Several developments in the international markets went against them.

The first was the shift away from the spread lending in the syndicated-loan market, especially the sov-

ereign risk, that so many of the Arab units built their asset growth on in the late 1970s and early 1980s. The international debt crisis caused the market to dip for two successive years.

Arab Banking Corp.'s president and chief executive, Abdullah Saudi, has always argued that the syndicated-loan market was not only a means of putting assets on the books but also of buying time to build in-house assessment capabilities and middle-level management depth necessary to penetrate new markets.

Both Arab Banking Corp. and Gulf International Bank, for instance, while taking their blows in the lost revenue of the smaller syndicated-loan market, have replaced it to some degree with a larger presence in the capital markets. Arab Banking Corp. managed some \$4 billion of bond issues in 1984, while Gulf International Bank managed an even larger \$6.5 billion in new issues. Both have sizable investments in marketable securities.

But the bulk of the other Arab units failed to broaden their range of assets or to deepen their management expertise, and are only now trying to get a toehold on the capital markets through the secondary market or as the end investors in the flurry of Euronote paper underwritten and placed by the bigger and more muscular investment and merchant banks.

These developments have led to a more sharply defined tiering of the offshore banks in Bahrain, not only according to their size, but also to their real and perceived

market strengths and weaknesses. And this tiering is also shaping the strategies of the banks in 1985.

Arab Banking Corp. and Gulf International Bank, which between them hold a third of the offshore assets, are in a tier of their own by virtue of their size, solid shareholder support and success in expanding their international presence in the major markets.

Perhaps best reflecting the direction many offshore units will have to take in the years ahead is the Arabian Investment Banking Corp., known as Investcorp. Like Arab Banking Corp., it has made a few spectacular investments, such as last year's \$135-million Tiffany's purchase, but it is perhaps its unusual management structure, along the lines of a limited partnership, and its well-thought-out long-term strategy that the other banks may want to emulate. It has also turned in two successive years of reasonable profits, with earnings last year rising by 9 percent, to \$11 million, and its return on equity to 22 percent.

The offshore units are also trying to gear up their investment capabilities to win a greater share of the private-sector surplus capital that is currently being handled by the big Western investment houses.

Ultimately, the health of the offshore units and their profitability will depend on their ability to develop middle-level management expertise so they can better penetrate the international bond markets where so much of the lending business is going to this year.

— KEVIN MUEHRING

## Tax Boost Creates Surplus

(Continued From Previous Page)

turned to cast its shadow on Bahrain's important banking sector. The depressed demand for commercial-banking services, coupled with unpopular measures adopted by the banks to cope with the negative tide, including raising already high interest rates on lending, seem not to have prevented even the long-established banks from sharing the consequences of the squeeze. The National Bank of Bahrain's profits fell by 14 percent, largely because of high provisions for bad and doubtful debts.

With cash-flow problems ram-

nant throughout the region, and influential solidly based private enterprises such as Saudi Arabia's Fahd and Ali Shobokshi group of companies proving not immune to shake-ups, caution is spreading among Bahrain's 76 offshore banking units.

Originally set up to serve the region and link it with the outside banking world, they are now looking for more opportunities outside the region, and many have decided to reduce their exposure in Kuwait and Saudi Arabia.

— OLFAT TOHAMY



## A World Recession And Glut Diminish Dependence on Oil

MANAMA — Bahrain's dependence on oil is diminishing, but the decline owes as much to the contraction in oil revenues as it does to the expansion of the nonoil sector.

The 1985 budget estimates oil and gas income at \$977 million, 62 percent of total revenues. Given the world recession and the oil glut, the shortfall could be as much as 5 percent to 10 percent, placing financial pressure on the government and highlighting Bahrain's need to generate more nonoil income.

However, Bahrain's economy will continue to remain heavily dependent on oil because of investments already made in capital and jobs in downstream activities, especially refining.

On top of production from the Dukhan field, which is nearing the end of its life, Bahrain also obtains cash income, budgeted in 1985 at \$554 million, from its half share in the production of the offshore Abu Safa field, which Saudi Arabia operates. This estimate, made in late 1983 before the latest OPEC price and production cuts, is probably too high.

In recognition of the need to maximize oil revenues to make up the shortfall, the Dukhan field is being given the most intensive workover in its 51-year working life.

"We are considering enhanced (tertiary) recovery and are doing some of it now," said Mohammed Saleh Sheikh Ali, the general manager of Bahrain National Oil Co. (BANOCO), the state-owned company that now produces and markets Bahrain's oil. "We are looking at new techniques, water flooding, steam injection and have already done some oil solution."

These attempts have been successful in stemming the decline of the aging field. Production in 1984 held at 41,800 barrels a day for the second consecutive year after falling briefly to 39,000 barrels a day. At peak production in 1970, the field was producing 77,000 barrels a day.

Mr. Sheikh Ali is confident that Bahrain will be producing oil for much longer than the estimates of a decade ago. But as the field enters its terminal phase, recovery forecasts become more difficult, dependent on the development of new technology and the way the field is handled. Drawing too heavily, for instance, on an exhausted or problematic well could cause a collapse that would cut the oil-bearing strata and jeopardize recovery of the remaining oil in it.

Some experts believe that careful exploitation could raise the level of

recoverable reserves significantly. Even raising the level of such reserves by 1 percent would amount to a major addition to the field's total yield.

There is another reason why every extra barrel produced from the Dukhan field counts double. The Bahrain Petroleum Co. (BAPCO) refinery is still the mainstay of the island's economy. Built more than 50 years ago, it employs 3,000 people, a high proportion of whom are Bahrainis. Since the slump in the oil market in 1982, it has been making losses because it buys the balance of feedstock not provided from the Dukhan field from Saudi Arabia at OPEC prices and sells its products at market prices that are determined by much lower spot levels.

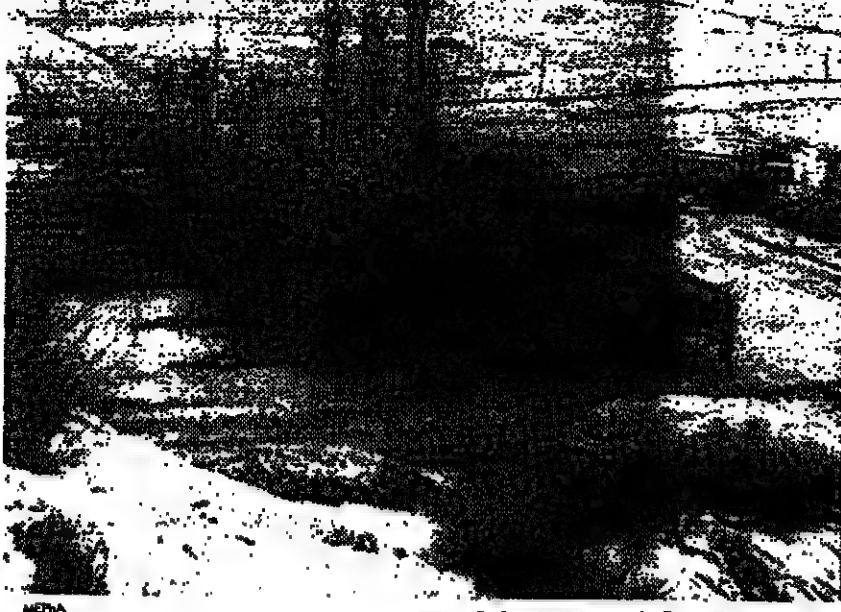
In February 1983, production was down to 67,000 barrels a day, just over a quarter of capacity, because of poor market conditions. Production for 1984 was 202,000 barrels a day against an average of 175,000 barrels a day for 1983, but it had slipped again to 190,000 barrels a day last month. To cushion losses, BANOCO, which purchases crude for the refinery, was able last year to buy the odd shipment of cheaper Indian crude, but this is not thought to have amounted to much more than 2,000 to 3,000 barrels a day over the year.

The recent cut in the price of Saudi market crude and the firming in product prices has eased the strain on margins, but the refinery's heavy dependence on Saudi feedstock in present market conditions is worrying.

The huge overhang of refinery capacity across the water in Saudi Arabia is another worry for BANOCO's marketing managers; the Saudi refineries pose competition of a new kind. Bahrain's refinery, the oldest in the Middle East, has kept ahead of the competition by offering specialty blends, which the new Saudi plants will be able to provide as a matter of course. In addition, the Saudi authorities may be tempted to run their refineries at a loss to recoup some of their huge capital outlays. Bahrain's refinery, already long amortized, would find it difficult to compete.

There is very little that BANOCO, which took over responsibility in 1981 for marketing Bahrain's oil, can do beyond going to the marketplace and seeking new customers.

— ALAN MACKIE



The Bahrain Natural Gas Company refinery.

## Petrochemical Plant Rises Above Delays

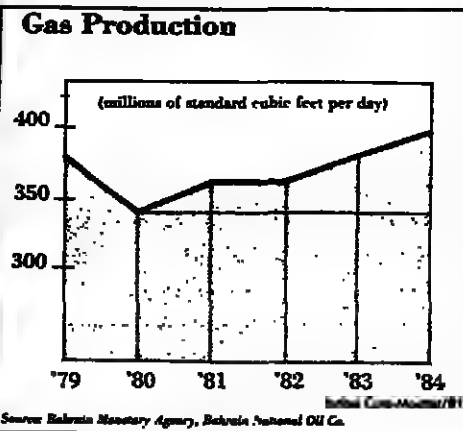
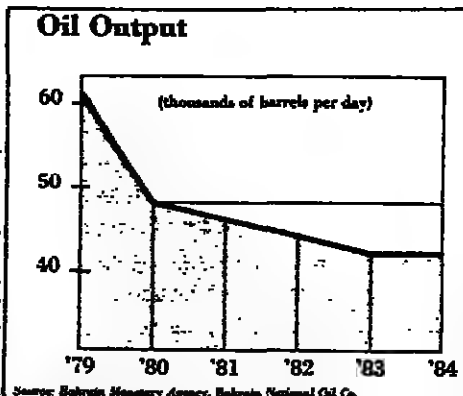
MANAMA — Bahrain's petrochemical plant, a gleaming complex planted like some gigantic designer's mock-up by the sea's edge on reclaimed land at Sitra, is now almost finished and should begin commercial operation before the end of the year.

Its completion on schedule, at well below cost, will vindicate the controversial management policy not to place the main contract turnkey but to supervise the tendering and stock purchasing itself as it went along.

It was a controversial decision because Gulf Petrochemical Industries Co. (GPIC) had no management when it was set up in December 1979, and had to move fast to hire it. Fortunately, market conditions favored GPIC. The Mideast development boom was beginning to wind down and the company found itself in a buyer's market for goods and services.

"We got excellent prices for starting contracts," the GPIC chairman and chief executive, Tawfeeq al-Moayed, said. "Two to three years later, when GPIC was ready to start serious recruiting, the recession was beginning to bite and the company found plenty of technical staff and contractors looking for work. It was an approach that could never have succeeded in a seller's market."

— ALAN MACKIE



## Demand Increases Pressure on Output Of Natural Gas

MANAMA — With judicious utilization, Bahrain should have natural gas until well into the next century. The gas comes from the deep Khuff zone, which runs under Bahrain from Kuwait to the United Arab Emirates.

At current average production of 400 million standard cubic feet (scf) a day (equivalent to 66,000 barrels a day of oil), the Khuff zone should be good for another 50 years. But, to meet industrial demand, the field's production capacity is being raised to 600 million scf a day with the drilling of new wells, and this will reduce the life of the field.

Bahrain's increasing dependence on desalination plants is also making an impact on long-term demand for gas.

Around 40 percent of Khuff production is used for gas injection in the production of oil. This gas is diluting associated gas present in the Dukhan field, which is used as a feedstock for a gas-processing plant. The "cleaned" gas, some 120 million scf a day, is then supplemented by 20 million scf a day direct from the Khuff field to power Aluminum Bahrain's smelter.

Before completion of the small gas-processing plant in 1980, the associated gas from the Dukhan field was flared. The plant, built by Japan's National Gasoline Co., has been one of Bahrain's unqualified success stories, recouping its \$100-million outlay in the first 18 months of operation. Despite the world glut in hydrocarbon products, the plant continues to make good profits for its shareholders: the government of Bahrain, Caltex of Canada and the Arab Petroleum Investments Corp., based in Dhahran, Saudi Arabia.

However, dilution of the feedstock associated gas with "dry" Khuff gas is undermining the plant's productivity. Designed for a gas intake of 90 million scf a day, the plant is now having to process 139 million scf a day to produce only marginal increases of liquids.

"We have fiddled around with the plant to squeeze more output without significant capital outlays," said the production manager, Terry O'Rourke. The plant's capacity has already been raised from 110 million scf a day to 145 million scf a day but that is the extent of such tinkering. Already, some gas is being flared because the plant is unable to accommodate it and con-

densate yields will inevitably suffer.

However, the operation has been given a new lease on life by the decision to sanction a \$3-million to \$4-million expansion program to remove remaining bottlenecks and raise production to the plant's maximum capacity of 170 million scf a day. Bahrain National Gas Co. (BANAGAS), the joint venture that owns and operates the plant, wanted to proceed with the modifications some time ago but had to

await a commitment from the Bahrain National Oil Co. (BANOCO) to provide 170 million scf a day of gas until the end of the decade.

Work on the modifications, which will be carried out by the National Gasoline Co., is due to start in September and will be completed in the first half of 1986.

BANAGAS has not taken into account in its estimates any improvements in gas quality that may result from BANOCO putting down new wells and tapping fresher associated-gas supplies. "It remains to be seen whether the [BANOCO] workover program will have an effect on the quality of gas," said Mr. O'Rourke, but this is certainly the expectation.

Every barrel of condensate produced by BANAGAS has a guaranteed sale because of a long-term agreement with Caltex to market propane and butane. Production of propane in 1984 was 2,760 barrels a day and of butane, 2,360 barrels a day. The refinery uses the naphtha produced as feedstock. Production in 1984 was 3,430 barrels a day.

Far from the plant dying with the oilfield, as was the original intention, there is now talk of importing "wet" gas as feedstock to keep it operating — another example of Bahrain's entrepreneurial versatility and its willingness to look at any proposition that will maximize its modest resources.

— ALAN MACKIE

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## A SPECIAL REPORT ON BAHRAIN

## Saudi Tie Means New Adaptation in Development

(Continued From Page 9)

more government-sponsored joint ventures such as a new petrochemicals plant, built with equal participation by Saudi Arabia, Kuwait and Bahrain. In addition, Kuwait and Saudi Arabia have agreed to market the plant's ammonia and methanol output.

Although Bahrain's development as a financial center would significantly enhance the country's industrialization drive, the subject does not seem to be a priority consideration for the government. In the absence of incentives for medium-term private investment, the

private sector is likely to continue relying on the government to generate new business opportunities. Although the real-estate market has suffered along with the deceleration of the economy, many Bahrainis are hoping construction activities will recover as Saudis begin to buy property in Bahrain. Others

realize that the downward pressure on oil revenues will limit government spending to spur the economy.

With a new trend in private-sector involvement in major ventures, beginning with the Gulf-wide offer of Saudi Arabian Basic Industries Co. (SABIC) shares, followed recently by Gulf Air, there is a need for a secondary market for trading Gulf shares as well as government bonds.

United Gulf Bank's vice president and economist, Henry Azzam, explained how this would provide a way of stemming the flow of capital to the Eurodollar market and fill the gap between reduced government spending and local banks' lacking access to longer-term funds. The lack of such a center for trading shares, he said, has reduced the attractiveness of issues such as SABIC's and prevented other large privately owned businesses all over the Gulf from seeking to overcome cash-flow problems by issuing their own debt instruments.

Mr. Azzam strongly believes that "Bahrain is ideally suited to play that role." He also feels that now is the time for a decision to be made to expand Bahrain's role beyond the limits of the money market, which is represented by more than 70 offshore banking units. Over the last decade the number of financial institutions has grown, communications channels have been built and a pool of trained Bahrainis has been created for these institutions to draw on.

"Bahrain can start by trading in international bonds as in Luxembourg, then it can become a listing center; as the expertise develops, it can move on to local and regional stocks, bonds and other instruments," Mr. Azzam said.

There is a consensus, however, that the economic sector that will benefit most from the causeway's opening is tourism, although views vary on the extent of the influx of Saudi tourists, especially over the Thursday-Friday Moslem weekends. Mr. Shirawi expects the number of Saudis visiting the country annually to double or maybe even triple from the present total of 700,000, bringing relief to the country's half-empty hotels.

Already banking on the upcoming fresh wave of vacationers, lured by Bahrain's relaxed atmosphere, where alcohol is allowed, an extravagant beach-resort project is finally taking off after a long delay. The Zallaq complex, which is expected to include a zoo, a small version of Disneyland and an air-conditioned monorail, along with accommodation facilities for families, is planned to cover a seaside strip of 4 kilometers (2.5 miles).

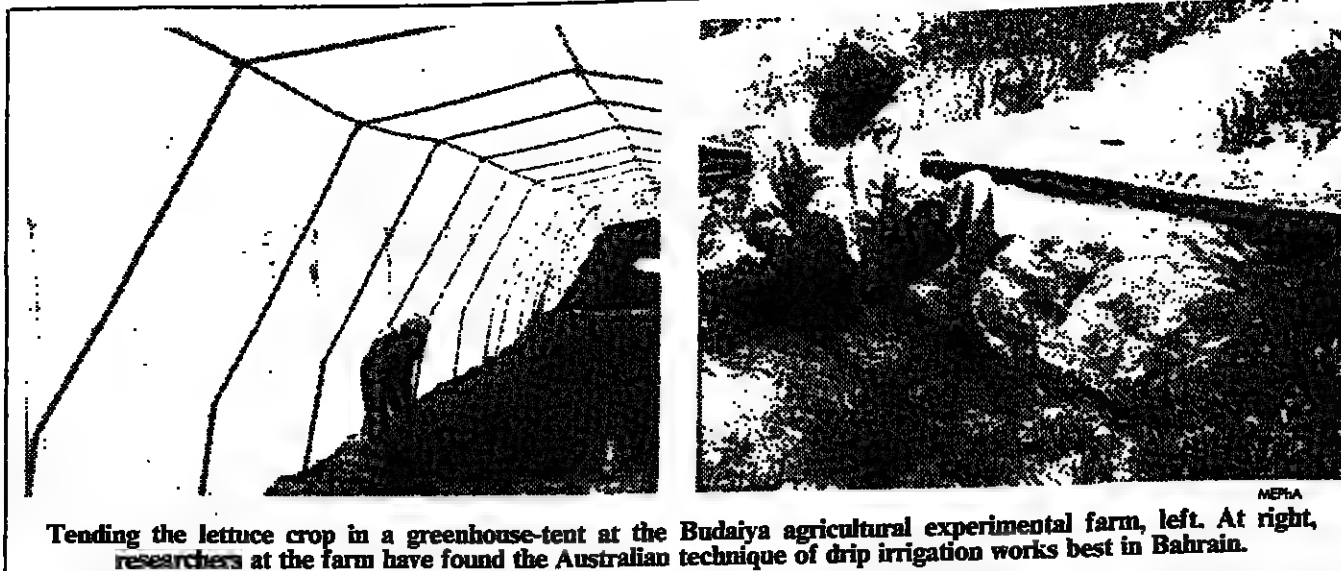


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Tending the lettuce crop in a greenhouse-tent at the Budaiya agricultural experimental farm, left. At right, researchers at the farm have found the Australian technique of drip irrigation works best in Bahrain.

## Causeway Builders Beating the Deadline

MANAMA — The multimillion-dollar causeway between Bahrain and Saudi Arabia is headed for an early opening, but motorists will have to wait longer than they had expected before they will be allowed to use it.

Construction work on the 25-kilometer (15.5-mile) route is almost complete and a car can now drive over three-quarters of the distance it covers.

The project has come a long way since the idea was first brought up at a luncheon meeting of the two states' rulers 30 years ago. Since that time, the creation of a man-made connection between the Saudi kingdom's Eastern Province and Bahrain's main island over the shallow waters of Salwa Bay has been the subject of arguments about its cost, value and consequences.

The total bill for the project exceeds \$1 billion, financed totally by Saudi Arabia. The causeway is also one of the world's largest and most ambitious construction projects. Made up of five bridges and seven embankments, the project's implementation involved a test for modern technology's ability to reclaim land from the sea and to erect a durable structure by putting together prefabricated concrete chunks.

Viewed from Umm Nassan island, 3 kilometers off Bahrain's main island of Sitra, where the capital of Manama is situated, the causeway is a gray strip extending into the middle of the water

with the Arabian peninsula coast not visible from the Bahraini side. All of the 534 hollow concrete piles have been installed, with the box girders forming the causeway's body superimposed on the row of double piles and embankments, resting on rubber bearing blocks designed to resist small earthquakes. The main span, which is founded on concrete rafts filled with concrete after they are implanted, is currently the focus of the Ballast Nedam group's activities.

Since the contract was awarded and the preparation of the site began in late 1981, the once silent island of Umm Nassan has witnessed the sudden sprouting of a construction village on reclaimed land. More than 200 mostly European managers and technicians of the Dutch company live there in boxlike prefabricated houses with their families. They are provided with a school, clinic and restaurant.

Construction workers from Southeast Asia, numbering 1,500 at one point, are accommodated in 20 barracks in the same area, which includes workshops and a desalination plant. There is also a huge concrete factory, where most of the project's components, including 1,000-ton parts of the main span, are fabricated.

The company is also building border posts on two artificial islands, reclaimed for that purpose toward the middle of the causeway. This construction work, due for completion in April of next year, covers customs buildings, a coast-

guard tower, roads, a covered parking area and a desalination plant.

With contracts for access roads still to be awarded, and the job estimated to take 20 months to complete, it is clear that the first nonofficial vehicle to cross the causeway will not do so before the spring of 1987. It remains unclear if financial considerations are behind the delay in inviting bids for the construction of 35 kilometers of approach roads on the Saudi side and 10 kilometers of similar roads on the Bahraini side.

With the \$575-million job due to be handed over and officially inaugurated on Dec. 16, Bahrain's national day, Ballast Nedam will have completed its largest assignment more than a month ahead of schedule. Work is presently two and a half months ahead of schedule, a company spokesman said.

Some estimates put the number of vehicles that will be crossing the causeway by the year 2000 at 30,000 daily. The distance between Manama and Al-Khobar, the nearest Saudi city to the causeway, may be a 30-minute ride depending on the traffic. To avoid congestion caused by an influx of Saudi vehicles, Bahrain has already decided to ban trucks from coming farther than the middle of the causeway, where goods will be transferred to smaller vehicles. Private cars will be permitted to pass, however, after paying a toll to cover maintenance costs.

— OLFAT TOHAMY

## Link Could Bring New Shipping Business

By Phillip Hastings

MANAMA — With the new causeway between Bahrain and Saudi Arabia now approaching completion, speculation continues about its impact on trade through the island state's Mina Sulman port.

Traditionally, Bahrain has been one of the Gulf's major trading bases, with Mina Sulman ranked second to Dubai in the United Arab Emirates as a center for regional transshipment operations.

The question is how that role will be affected by the causeway, which is scheduled for official opening on Dec. 16 but probably will not be fully operational before the latter half of next year.

Optimists in Bahrain believe that the causeway will open up new opportunities for transshipment business at Mina Sulman. Their argument is that vessels will be able to call at Mina Sulman and discharge Saudi-bound cargoes for movement by truck across the causeway. Other shipping-industry observers argue that there is no obvious

reason why vessels should call at Bahrain rather than going to the large nearby Saudi port of Dammam. If anything, they argue, shipping lines might prefer to call at Dammam rather than Mina Sulman, with Bahrain-bound goods being moved in the other direction across the causeway.

But no one can predict with any certainty what is going to happen to cargo traffic flows through Mina Sulman and across the causeway until the Bahraini and Saudi governments give a clearer indication of the customs regulations that are going to apply to the new link. To date, very little information has been forthcoming on that subject.

All of which is of little help to the Mina Sulman Port Authority as it tries to plan "From what we know at the moment, it would appear that a lot of fruit and vegetables will start to come into Bahrain via the causeway," said the Mina Sulman port adviser, Captain John Kendrick. "At the moment, a lot of that traffic comes in by dhow or airfreight."

"As for general cargo moving

through Bahrain, it is impossible to say at the moment whether there will be more containers dropped off at Mina Sulman port here for onward movement via the causeway to Saudi Arabia or vice versa. In the final analysis, it will be the carriers that decide whether to change their port calling pattern."

Captain Kendrick pointed out that Dammam, the nearest major Saudi port to Bahrain, did not handle transshipment cargo but there was always a chance that this could change once the causeway was operational.

In the meantime, Mina Sulman is continuing with plans to meet the new demands likely to be imposed by the causeway.

The next development is likely to be the building of a new access road to link the port with the causeway road. A master plan is under consideration and, with budget approval, the project could be completed by 1987.

The port is also looking at plans to create three or four new high-productivity berths by extending the existing container terminal.

The new berths are seen as necessary to replace the existing finger pier that accommodates current conventional cargo operations. If the project gets budget approval, work could start in 1987 for completion in the early 1990s.

Such plans follow a number of recent developments in Mina Sulman port, notably the completion of a 200-meter (218-yard) extension to the container terminal to make an extended berth of 600 meters (652 yards). This now allows the port to simultaneously handle two third-generation container ships at the terminal, cutting the risk of any delays, which sometimes happened in the past when two such vessels arrived at the same time.

Two more ship-to-shore gantry cranes have also been brought into operation this year, making four in all, and the container storage areas have been expanded to accommodate an additional 3,000 containers, making space for over 7,000. Container traffic now dominates overall cargo movement at Mina Sulman.

## Airport Expands For Cargo

MANAMA — Expansion of both the cargo terminal at Bahrain International Airport and Gulf Air's services should boost the country's increasingly important role as a regional airfreight center.

According to Bahrain Airport Services, the airport's cargo-handling company, airfreight business has been growing substantially. The company handled 36,640 tons of freight in 1984, compared with the 1983 total of 32,400 tons.

Within the 1984 total, by far the largest proportion of traffic, 76 percent, involved import cargoes, which at 28,000 tons represented an increase of nearly 13 percent on the previous year.

Export cargoes fell by around 5 percent to 4,170 tons but transshipment traffic recorded a 40-percent increase to 4,470 tons.

Basically, Bahrain Airport Services claims to be able to offer a four-hour transshipment service, subject to flight schedules.

A current problem area for the company is the fact that existing import and export sheds are a mile apart, but moves are under way to solve that problem and boost cargo operations. Work has begun on a new all-in-one cargo terminal that will handle import, export and transshipment traffic. Offering 62,000 square feet (5,760 square meters) of covered space on a site close to the existing passenger terminal, the facility is scheduled for completion in September 1986.

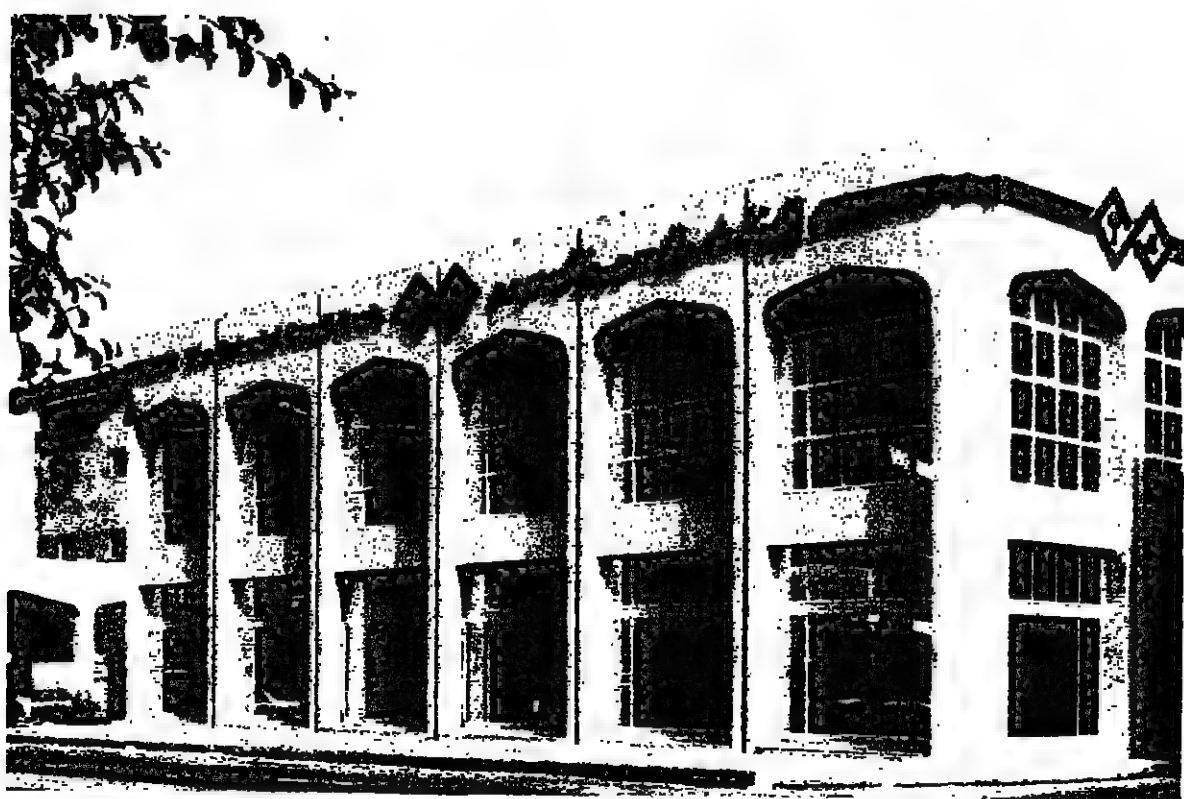
Features of the new terminal will include a unit-load-device handling system with 14 pallet makeup and breakdown positions and 48 storage positions, with scope to extend those to take more than 10 pallets. There will also be six freezer-chiller positions and three positions in a cool room for fruit and vegetable cargoes.

— PHILLIP HASTINGS



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## A SPECIAL REPORT ON BAHRAIN

## Major New Projects Span Industrial Gap

MANAMA — This year will be an important landmark in Bahrain's industrial development with the commissioning of three major projects that will do much to bridge the gap between primary and downstream industries and open the way to greater private-sector participation.

The pelletization plant built by the Iron & Steel Co. (Alisco), a private venture between shareholders in Kuwait, Iraq, Jordan and Bahrain, was completed late last year and is going through trial runs prior to commercial production. The aluminum rolling mill being built by the Gulf Aluminum Rolling Mill Co. (Garmco), a joint venture between Iraq and member states of the Gulf Cooperation Council, with the exception of the United Arab Emirates, is due to go into commercial production in November, and the Gulf Petrochemical Industries Co. is due to start up its methanol plant before the end of the year.

In addition, the Gulf Acid Industries Co. has just commissioned a 10,000-ton-per-year sulphuric acid plant, a major contribution to Bahrain's chemical industries base.

However, if these projects help to integrate, rationalize and cut costs, as well as create opportunities for downstream industries, the world recession is still making it difficult for most to make profits.

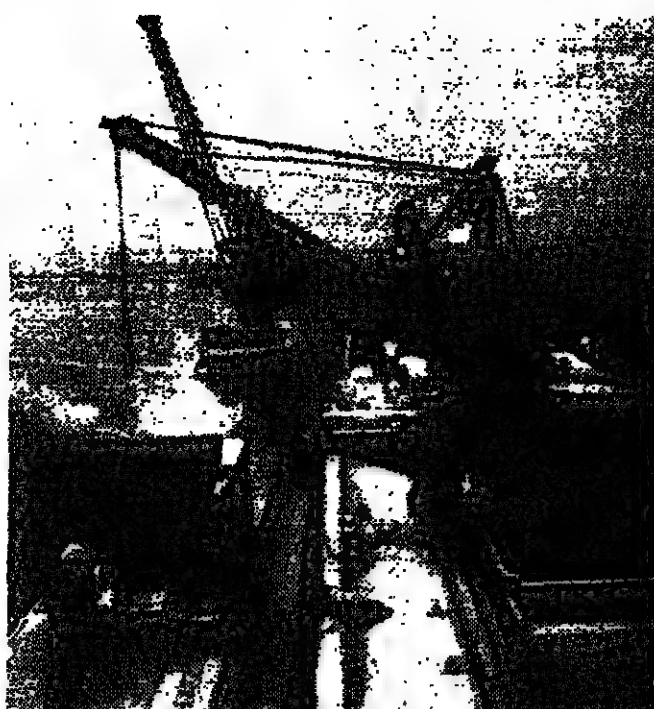
The outstanding exception is Bahrain's flag ship industry, aluminum.

Aluminum Bahrain (Alba), the company that runs the island's smelter, has made a loss only once, in 1982, in its 14 years of operations, and a thriving downstream aluminum industry has been built on its production.

With a large part of its capital outlay now repaid, Alba is in fine shape to take advantage of the shakeout in the industry and the slow improvement in aluminum prices anticipated in coming years. Trials for a computerized energy control system are under way that will raise production another 10 to 15 percent and enable another 150 jobs to be shed. But plans to improve power generation, which would raise production to 260,000 tons per year without using more feedstock gas, have been shelved because of the depressed general demand for power.

The advent of Garmco, which in time will take 40,000 tons per year of rolling slabs from Alba, will do much to underpin the smelter's integrated production, which could be raised to 115,000 tons per year compared with a current 70,000 tons. At present, only 40 percent of production is integrated — as rolling slabs and extrusion billets. Another 10 percent is taken off as molten metal for a cable-making facility and an atomizer plant, and the remaining 50 percent is cast as ingots for sale in the spot market. About 40,000 tons per year of current integrated production is in the form of extrusion billets, of which the local Bahrain Aluminum Extrusion Company (Balexco) takes 5,000 tons.

The Bahrain Aluminum Co. (Baleco), which has marketed the Saudi and Bahrain governments' 77.9-percent share (about 139,000 tons per year) of Alba's production since 1975 is expected in 1984 to better the \$30-million profit made in 1983. Firm aluminum prices at the start of 1984 enabled the company to further reduce the 40,000 tons of stocks left over from the 1,000 tons accumulated in 1982. However, the failure of prices to



Unloading raw alumina from Australia destined to fuel the island state's heavy industry sector.

sustain the improvement has forced Baleco to increase stocks.

Approaches have been made to Dubai and Venezuela, which both operate government-owned smelters, to create a cartel regulating production in line with demand. The commercial logic is particularly strong with Dubai, but Bahrain Aluminum Co.'s general manager, Faisal Mirza, says that "they aren't interested in going in with Bahrain."

— ALAN MACKIE

## Private-Sector Development Is Thriving

MANAMA — Bahrain has a thriving industrial private sector if the demand for lots in the North Sitra industrial estate is anything to go by. Most of the lots have now been bought up, and officials between the fact that if any good projects turn up in the future, there will be no place for them.

Still, the interest is encouraging, especially at this highly sensitive time, when the delicate marriage of primary industries and downstream private-sector investment is beginning to take place and the causeway is about to make profound changes in the business climate in Bahrain.

The aluminum rolling mill is going to be an important catalyst in this process. According to the marketing manager of Gulf Aluminum Rolling Mill Co., (Garmco), Carson Sales, there is a lot of scope for downstream aluminum industries.

Garmco's start-up in November is also going to make a major impact on the job market, creating as many as 1,000 jobs, according to some assessments, and making the

aluminum industry, which already employs about 3,000, the island's biggest industrial employer.

Downstream development and integration is also having a cumulative effect in generating business. Isa Abdullah Musa, a shareholder in the Gulf Acid Industries Co., which recently commissioned a sulphuric acid plant, is now considering setting up a caustic-soda plant. Apart from the welter of small aluminum-fabrication shops that have sprouted up around the island, there already is a good mix of consumer product manufacturing developing in Bahrain. These include plants producing paint, eyeglasses, fiber glass, plastic containers and shoes. There is also a plant assembling air-conditioning units. This development has taken place with minimal government assistance.

There has been one official attempt to promote private investment. With the help of a \$3-million soft loan from the Abu Dhabi Fund for Economic Development, the government in 1979 set up the

Bahrain Light Industries Co. (Blico) to act as a holding company to promote and develop private industry in Bahrain and offered its shares to the public.

The authorities have departed from their laissez-faire approach to the private sector by funding, with the help of a \$32-million soft loan from Kuwait, the development and installation of utilities in the North Sitra industrial estate. Previously, the government did not have the funds to provide such facilities and those companies that set up in the older free zone in Mina Sulman port had to provide their own services.

The government is also introducing an industrial licensing registration law that will provide more systematic information about industrial development. But there is still a dearth of proper market research, which, coupled with the general confusion in the market over the opening of the causeway, is leading many businessmen to hold back.

The lack of government strategy

is perhaps most keenly felt in the field of labor. Because of the high cost involved in employing Bahrainis, most of the private sector is run on immigrant labor. At the same time, most of the downstream private-sector industrial development being encouraged by the government is labor intensive. How this squares with the government's policy of creating jobs for Bahrainis is not clear.

— ALAN MACKIE

## Education Puts Stress on Needs Of the Economy

MANAMA — Vocational education is a popular theme throughout the Gulf, and Bahrain is one of the few places where it can be seen in action.

The dean of Bahrain's Gulf Polytechnic, Ibrahim al-Hashimi, attributes this to Bahrain's relative poverty compared with its neighbors, while its harbor and central position in the Gulf give it a more cosmopolitan outlook.

It is at the intermediate level (for all pupils 12 to 15 years old) that the idea of vocational education is introduced. Those leaving at the end of this stage have already had a wide introduction to the practicalities of employment. At the secondary level, there is as much attention to career development — for both sexes — as in a Western school. Industries send demonstrators to the schools; children go back on guided tours.

As a result, Bahrain is beginning to overcome a fundamental distaste for technical work, which elsewhere in the peninsula obstructs the replacement of expensive expatriates by local citizens. Technical schools are so popular that they have to operate two shifts.

Gulf Polytechnic has been organized around the needs of the economy. Some of the four-year courses are full-time, having a year's orientation (including English, mathematics and general sciences) and often concluding with six months of internship or industrial attachment. Other courses are part-time, including evening classes. The emphasis is on filling the middle grade of employment. Disciplines concentrate on management, engineering and commercial studies.

— SARAH SEARIGHT

## Real Estate Boom Defies Rent Slump

MANAMA — Manama still presents the picture of a boom town, with new office blocks and cranes all over the Diplomatic Area and the adjoining Al-Hurra district. But caution is now in fashion and the office blocks are hard to rent.

Two or three years ago, when the first holes were being dug in the Diplomatic Area, oil revenues were peaking, banks were lining up for licenses and the planned causeway to Saudi Arabia was seen as reinforcing Bahrain's position as the financial heart of the Gulf.

Now, economic recession has hit the region and rents in Bahrain, as elsewhere, have slumped. Since September last year, office rents have fallen by 30 percent to 40 percent.

Most of the Diplomatic Area is given over to office blocks. Some of these have been built by banks to provide offices for themselves; a few, such as the Al-Nass Tower, are purely speculative. There is still a demand for well-designed interior space with a good standard of finish, but prospective renters are more cost-conscious these days and make do with less space and fewer employees.

The area already looks congested, despite certain height and density regulations, and parking is likely to be a major headache.

Beyond the Diplomatic Area is Al-Hurra. This is becoming a popular residential area for embassies (including the elegant French Embassy) and apartments. Expatriates up to now have tended to go for villas, but the market is now drifting back into Manama from the villas and compounds out along the Budaiya road, provided the apartments are well fitted out and include such amenities as swimming pools.

For Bahrainis, the housing situation is quite different, with the Housing Ministry providing most of the funds and activity. Bahrain's population is growing at a rate of 3 percent a year, over half the population is under 18 and there is not room for them in the old family houses of the Muharrag area.

Many would like to live in the glossy neighborhood of West Rifa'a, made fashionable by the palaces of the ruling al-Khalifa family, overlooking the ancient spring of Al-Hananiya and set in well-

watered gardens of bougainvillea and hibiscus. But West Rifa'a is too expensive.

Manama has already spread out to one new residential area, Issa Town. Once, it seemed right out in the desert and most of the government housing built there from 1968 was for lower-income families. Today, it seems less remote as Manama has spread south. Hamad Town is 15 kilometers (9 miles) farther on, near the site of the new Arabian Gulf University. The AGU will take its first 200 students in the fall of 1986 and may add considerably to the attractions of Hamad Town.

The inaugural stone for the town was laid by Bahrain's ruler, Sheikh Isa bin Sulman al-Khalifa, in 1982. About 1,500 houses of varying sizes are ready for occupation. No householder is supposed to pay more than a quarter of his salary in repayment, and houses are allotted according to salary. Total repayment could take anything up to 25 years. Most of the houses have been built by the ministry but there are some larger ones built privately on special plots.

— SARAH SEARIGHT

## Bahrain Is Important Link in Gulf Council's Defense Chain

MANAMA — The Gulf Cooperation Council is going ahead with plans to build a shield to protect the Arabian peninsula from a possible spillover of the Iran-Iraq war, enabling Bahrain, once claimed by Iran, to proceed with its economic development plans and to prepare to be integrated into a more prosperous Gulf region.

Bahrain is a cluster of 35 islands located in the southwestern part of the Gulf. Its two main islands, Sitra

and Muharrag, represent the most densely populated areas in the Gulf region, situated a little more than 20 kilometers (12.4 miles) off Saudi Arabia's eastern coast and equally distant from Qatar to the south.

Bahrain is thus strategically situated in the turbulent Gulf waters opposite the border between Iran and Iraq. Its other GCC neighbors, Saudi Arabia, Kuwait, the United Arab Emirates, Oman and Qatar, are located on the peninsula.

Because of its strategic location and its modest defense capabilities, Bahrain is regarded as vulnerable. This explains why special priority has been given to one of the earliest GCC decisions to build an air base in Bahrain, on the main island of Sitra, with technical assistance from the U.S. Army Corps of Engineers. It is currently at the design stage, and the site remains to be provided with infrastructure facilities before construction work can start.

Bahrain has also ordered four F-5 fighters and two F-5F training aircraft, which would form the nucleus of the country's air force. The construction of the base and the aircraft deal are part of a \$1-billion package for Bahrain approved at a Gulf summit more than two years ago.

Although the GCC charter calls for policy coordination and integration at all levels and in all fields, the intermittent war in the Gulf has meant that the issue of collective defense always took priority over other issues, and that security-oriented projects were also given serious attention at Gulf summits. A few major projects such as an oil pipeline linking all GCC members

and bypassing the Strait of Hormuz and a giant food-storage plan were considered for funding by the Gulf Investment Corp. The GIC, capitalized at \$2.1 billion, has several projects to study but no decisions have been made on them yet.

GCC officials have already participated in two rounds of talks with the European Community concerning the future of their member countries' most important and rapidly growing industry, which is petrochemicals. Although no agreement has been reached on Europe's tariffs on imports of petrochemicals exceeding a specified quota, the council's involvement as an organized body boosted hopes of strengthening the Gulf countries' bargaining power in an increasingly glutted world market.

It also signaled the importance of policy coordination among Gulf members to prevent duplication and overcapacity, which can be achieved by implementing the GCC economic agreement. The accord has removed tariffs among Gulf states and called for collective planning of import-substituting policies, export promotion and technology procurement.

— OLFAT TOHMY

## CONTRIBUTORS

PHILLIP HASTINGS is a journalist based in Britain who specializes in the transportation industry.

ALAN MACKIE is a London-based journalist who specializes in Middle Eastern affairs.

KEVIN MUEHRING is a London-based contributing editor of the U.S. financial magazine Institutional Investor.

SARAH SEARIGHT is a London-based journalist who specializes in the Middle East.

OLFAT TOHMY is a Cairo-based journalist who contributes to the International Herald Tribune and The Washington Post.

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## NYSE Most Actives

| NYSE Most Actives | Open   | High   | Low    | Close  | 3 P.M. |
|-------------------|--------|--------|--------|--------|--------|
| Indus             | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans             | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util              | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp              | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

Not available

## Dow Jones Averages

| Dow Jones Averages | Open   | High   | Low    | Close  | 3 P.M. |
|--------------------|--------|--------|--------|--------|--------|
| Indus              | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans              | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util               | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp               | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## Previous NYSE Diaries

| Previous NYSE Diaries | Open   | High   | Low    | Close  | 3 P.M. |
|-----------------------|--------|--------|--------|--------|--------|
| Indus                 | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans                 | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util                  | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp                  | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## NYSE Index

| NYSE Index | Open   | High   | Low    | Close  | 3 P.M. |
|------------|--------|--------|--------|--------|--------|
| Indus      | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans      | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util       | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp       | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## Wednesday's NYSE 3pm

| Wednesday's NYSE 3pm | Open   | High   | Low    | Close  | 3 P.M. |
|----------------------|--------|--------|--------|--------|--------|
| Indus                | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans                | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util                 | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp                 | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## Previous AMEX Diaries

| Previous AMEX Diaries | Open   | High   | Low    | Close  | 3 P.M. |
|-----------------------|--------|--------|--------|--------|--------|
| Indus                 | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans                 | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util                  | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp                  | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## NASDAQ Index

| NASDAQ Index | Open   | High   | Low    | Close  | 3 P.M. |
|--------------|--------|--------|--------|--------|--------|
| Indus        | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans        | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util         | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp         | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## AMEX Most Actives

| AMEX Most Actives | Open   | High   | Low    | Close  | 3 P.M. |
|-------------------|--------|--------|--------|--------|--------|
| Indus             | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans             | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util              | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp              | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## Dow Jones Bond Averages

| Dow Jones Bond Averages | Open   | High   | Low    | Close  | 3 P.M. |
|-------------------------|--------|--------|--------|--------|--------|
| Indus                   | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans                   | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util                    | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp                    | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## Previous NYSE Diaries

| Previous NYSE Diaries | Open   | High   | Low    | Close  | 3 P.M. |
|-----------------------|--------|--------|--------|--------|--------|
| Indus                 | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans                 | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util                  | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp                  | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## Odd-Lot Trading in N.Y.

| Odd-Lot Trading in N.Y. | Open   | High   | Low    | Close  | 3 P.M. |
|-------------------------|--------|--------|--------|--------|--------|
| Indus                   | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans                   | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util                    | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp                    | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## Standard &amp; Poor's Index

| Standard & Poor's Index | Open   | High   | Low    | Close  | 3 P.M. |
|-------------------------|--------|--------|--------|--------|--------|
| Indus                   | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans                   | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util                    | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp                    | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## AMEX Sales

| AMEX Sales | Open   | High   | Low    | Close  | 3 P.M. |
|------------|--------|--------|--------|--------|--------|
| Indus      | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans      | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util       | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp       | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## AMEX Stock Index

| AMEX Stock Index | Open   | High   | Low    | Close  | 3 P.M. |
|------------------|--------|--------|--------|--------|--------|
| Indus            | 124.35 | 125.21 | 124.15 | 124.71 | 124.71 |
| Trans            | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Util             | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |
| Comp             | 151.71 | 152.58 | 151.51 | 152.11 | 152.11 |

## New York Stocks Turn Mixed

NEW YORK — Stocks were mixed in afternoon trading Wednesday after scoring a late rally in the previous session. Retail, aerospace and telephone issues paced the gainers, but several mining, airline and technology stocks retreated. The Dow Jones average of 30 industrials, which rose 12.15 to a seven-week high Tuesday, was off 1.32 at 1,277.39 two hours before the closing bell.

Advances held a slim lead over declines on the New York Stock Exchange, whose composite index edged up 0.11 to 105.54. Big Board volume totaled 69.61 million shares at 2 P.M. EST, compared with 70.46 million at that hour Tuesday.

The mixed showing appeared to dampen hopes that Tuesday's late rally was the start of a sustained upturn rather than an isolated, technical event limited to the blue chips.

The Dow Jones industrials have been unable to put together two consecutive gains of more than 10 points since early January, and until Tuesday the measure had shown a net change of less than a point for the past month.

In the money markets today, meanwhile, short-term interest rates were little changed to slightly lower.

On the NYSE's active list, Unocal fell 1/4 to 47 1/2, Johnson & Johnson rose 1/4 to 44 1/4 and PepsiCo fell 1/4 to 53 1/4.

At the American Stock Exchange, the market value index rose 0.13 to 229.44. "We just don't see a sustainable rally," said Robert W. Colby, of Smith Barney, Harris Upham.

Despite the Dow breaking out of a seven-week trading band, there has been "virtually no follow-through of enthusiasm," he said. Depleted cash reserves and a high percentage of bullwhips added to the market's lackluster performance, he said.

"Prices haven't gone up because most of the buying power is already in there. Even with declining interest rates, stocks have had very little response," Mr. Colby said.

Another factor preventing the market from building a rally is diminishing confidence in President Ronald Reagan's political clout, said Alan Ackerman, of Herzfeld & Stern.

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The long-term economic outlook remains positive, he said, but characterized the market as one of selective bargain-hunting.

"Group leadership is very difficult to find," General Motors was off 1/4 to 70 1/2. Tuesday it posted a 34 percent decline in first-quarter earnings. Chrysler was off 1/4 to 36 1/2. Data General, which posted a 36-percent decline in earnings, was off 1/4 to 38 1/2.

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## New York Stocks Turn Mixed

NEW YORK — Stocks were mixed in afternoon trading Wednesday after scoring a late rally in the previous session. Retail, aerospace and telephone issues paced the gainers, but several mining, airline and technology stocks retreated. The Dow Jones average of 30 industrials, which rose 12.15 to a seven-week high Tuesday, was off 1.32 at 1,277.39 two hours before the closing bell.

Advances held a slim lead over declines on the New York Stock Exchange, whose composite index edged up 0.11 to 105.54. Big Board volume totaled 69.61 million shares at 2 P.M. EST, compared with 70.46 million at that hour Tuesday.

The mixed showing appeared to dampen hopes that Tuesday's late rally was the start of a sustained upturn rather than an isolated, technical event limited to the blue chips.

The Dow Jones industrials have been unable to put together two consecutive gains of more than 10 points since early January, and until Tuesday the measure had shown a net change of less than a point for the past month.

In the money markets today, meanwhile, short-term interest rates were little changed to slightly lower.

On the NYSE's active list, Unocal fell 1/4 to 47 1/2, Johnson & Johnson rose 1/4 to 44 1/4 and PepsiCo fell 1/4 to 53 1/4.

At the American Stock Exchange, the market value index rose 0.13 to 229.44. "We just don't see a sustainable rally," said Robert W. Colby, of Smith Barney, Harris Upham.

Despite the Dow breaking out of a seven-week trading band, there has been "virtually no follow-through of enthusiasm," he said. Depleted cash reserves and a high percentage of bullwhips added to the market's lackluster performance, he said.

"Prices haven't gone up because most of the buying power is already in there. Even with declining interest rates, stocks have had very little response," Mr. Colby said.

Another factor preventing the market from building a rally is diminishing confidence in President Ronald Reagan's political clout, said Alan Ackerman, of Herzfeld & Stern.

Worries that deficit-cutting proposals will have difficulties passing Congressional hurdles has added to the already nervous tone of the market, he said.

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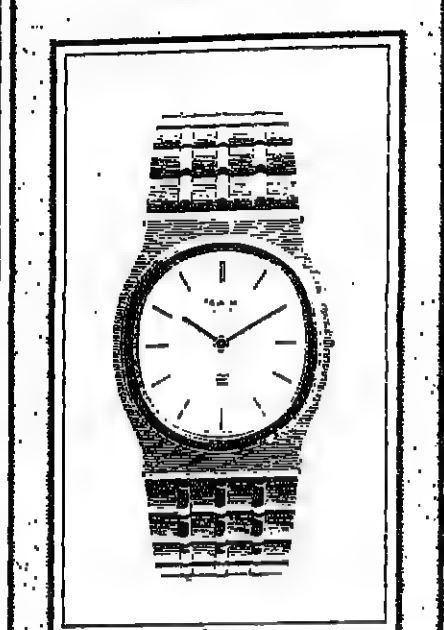
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# U.S. Futures April 23

## Grains

| Wheat (CBT) | High | Low | Open | High | Low | Close | Chg. |
|-------------|------|-----|------|------|-----|-------|------|
| 2010        | 210  | 208 | 209  | 210  | 208 | 209   | -2   |
| 2110        | 211  | 209 | 210  | 211  | 209 | 210   | -1   |
| 2120        | 212  | 210 | 211  | 212  | 210 | 211   | -1   |
| 2130        | 213  | 211 | 212  | 213  | 211 | 212   | -1   |
| 2140        | 214  | 212 | 213  | 214  | 212 | 213   | -1   |
| 2150        | 215  | 213 | 214  | 215  | 213 | 214   | -1   |
| 2160        | 216  | 214 | 215  | 216  | 214 | 215   | -1   |
| 2170        | 217  | 215 | 216  | 217  | 215 | 216   | -1   |
| 2180        | 218  | 216 | 217  | 218  | 216 | 217   | -1   |
| 2190        | 219  | 217 | 218  | 219  | 217 | 218   | -1   |
| 2200        | 220  | 218 | 219  | 220  | 218 | 219   | -1   |
| 2210        | 221  | 219 | 220  | 221  | 219 | 220   | -1   |
| 2220        | 222  | 220 | 221  | 222  | 220 | 221   | -1   |
| 2230        | 223  | 221 | 222  | 223  | 221 | 222   | -1   |
| 2240        | 224  | 222 | 223  | 224  | 222 | 223   | -1   |
| 2250        | 225  | 223 | 224  | 225  | 223 | 224   | -1   |
| 2260        | 226  | 224 | 225  | 226  | 224 | 225   | -1   |
| 2270        | 227  | 225 | 226  | 227  | 225 | 226   | -1   |
| 2280        | 228  | 226 | 227  | 228  | 226 | 227   | -1   |
| 2290        | 229  | 227 | 228  | 229  | 227 | 228   | -1   |
| 2300        | 230  | 228 | 229  | 230  | 228 | 229   | -1   |
| 2310        | 231  | 229 | 230  | 231  | 229 | 230   | -1   |
| 2320        | 232  | 230 | 231  | 232  | 230 | 231   | -1   |
| 2330        | 233  | 231 | 232  | 233  | 231 | 232   | -1   |
| 2340        | 234  | 232 | 233  | 234  | 232 | 233   | -1   |
| 2350        | 235  | 233 | 234  | 235  | 233 | 234   | -1   |
| 2360        | 236  | 234 | 235  | 236  | 234 | 235   | -1   |
| 2370        | 237  | 235 | 236  | 237  | 235 | 236   | -1   |
| 2380        | 238  | 236 | 237  | 238  | 236 | 237   | -1   |
| 2390        | 239  | 237 | 238  | 239  | 237 | 238   | -1   |
| 2400        | 240  | 238 | 239  | 240  | 238 | 239   | -1   |
| 2410        | 241  | 239 | 240  | 241  | 239 | 240   | -1   |
| 2420        | 242  | 240 | 241  | 242  | 240 | 241   | -1   |
| 2430        | 243  | 241 | 242  | 243  | 241 | 242   | -1   |
| 2440        | 244  | 242 | 243  | 244  | 242 | 243   | -1   |
| 2450        | 245  | 243 | 244  | 245  | 243 | 244   | -1   |
| 2460        | 246  | 244 | 245  | 246  | 244 | 245   | -1   |
| 2470        | 247  | 245 | 246  | 247  | 245 | 246   | -1   |
| 2480        | 248  | 246 | 247  | 248  | 246 | 247   | -1   |
| 2490        | 249  | 247 | 248  | 249  | 247 | 248   | -1   |
| 2500        | 250  | 248 | 249  | 250  | 248 | 249   | -1   |
| 2510        | 251  | 249 | 250  | 251  | 249 | 250   | -1   |
| 2520        | 252  | 250 | 251  | 252  | 250 | 251   | -1   |
| 2530        | 253  | 251 | 252  | 253  | 251 | 252   | -1   |
| 2540        | 254  | 252 | 253  | 254  | 252 | 253   | -1   |
| 2550        | 255  | 253 | 254  | 255  | 253 | 254   | -1   |
| 2560        | 256  | 254 | 255  | 256  | 254 | 255   | -1   |
| 2570        | 257  | 255 | 256  | 257  | 255 | 256   | -1   |
| 2580        | 258  | 256 | 257  | 258  | 256 | 257   | -1   |
| 2590        | 259  | 257 | 258  | 259  | 257 | 258   | -1   |
| 2600        | 260  | 258 | 259  | 260  | 258 | 259   | -1   |
| 2610        | 261  | 259 | 260  | 261  | 259 | 260   | -1   |
| 2620        | 262  | 260 | 261  | 262  | 260 | 261   | -1   |
| 2630        | 263  | 261 | 262  | 263  | 261 | 262   | -1   |
| 2640        | 264  | 262 | 263  | 264  | 262 | 263   | -1   |
| 2650        | 265  | 263 | 264  | 265  | 263 | 264   | -1   |
| 2660        | 266  | 264 | 265  | 266  | 264 | 265   | -1   |
| 2670        | 267  | 265 | 266  | 267  | 265 | 266   | -1   |
| 2680        | 268  | 266 | 267  | 268  | 266 | 267   | -1   |
| 2690        | 269  | 267 | 268  | 269  | 267 | 268   | -1   |
| 2700        | 270  | 268 | 269  | 270  | 268 | 269   | -1   |
| 2710        | 271  | 269 | 270  | 271  | 269 | 270   | -1   |
| 2720        | 272  | 270 | 271  | 272  | 270 | 271   | -1   |
| 2730        | 273  | 271 | 272  | 273  | 271 | 272   | -1   |
| 2740        | 274  | 272 | 273  | 274  | 272 | 273   | -1   |
| 2750        | 275  | 273 | 274  | 275  | 273 | 274   | -1   |
| 2760        | 276  | 274 | 275  | 276  | 274 | 275   | -1   |
| 2770        | 277  | 275 | 276  | 277  | 275 | 276   | -1   |
| 2780        | 278  | 276 | 277  | 278  | 276 | 277   | -1   |
| 2790        | 279  | 277 | 278  | 279  | 277 | 278   | -1   |
| 2800        | 280  | 278 | 279  | 280  | 278 | 279   | -1   |
| 2810        | 281  | 279 | 280  | 281  | 279 | 280   | -1   |
| 2820        | 282  | 280 | 281  | 282  | 280 | 281   | -1   |
| 2830        | 283  | 281 | 282  | 283  | 281 | 282   | -1   |
| 2840        | 284  | 282 | 283  | 284  | 282 | 283   | -1   |
| 2850        | 285  | 283 | 284  | 285  | 283 | 284   | -1   |
| 2860        | 286  | 284 | 285  | 286  | 284 | 285   | -1   |
| 2870        | 287  | 285 | 286  | 287  | 285 | 286   | -1   |
| 2880        | 288  | 286 | 287  | 288  | 286 | 287   | -1   |
| 2890        | 289  | 287 | 288  | 289  | 287 | 288   | -1   |
| 2900        | 290  | 288 | 289  | 290  | 288 | 289   | -1   |
| 2910        | 291  | 289 | 290  | 291  | 289 | 290   | -1   |
| 2920        | 292  | 290 | 291  | 292  | 290 | 291   | -1   |
| 2930        | 293  | 291 | 292  | 293  | 291 | 292   | -1   |
| 2940        | 294  | 292 | 293  | 294  | 292 | 293   | -1   |
| 2950        | 295  | 293 | 294  | 295  | 293 | 294   | -1   |
| 2960        | 296  | 294 | 295  | 296  | 294 | 295   | -1   |
| 2970        | 297  | 295 | 296  | 297  | 295 | 296   | -1   |
| 2980        | 298  | 296 | 297  | 298  | 296 | 297   | -1   |
| 2990        | 299  | 297 | 298  | 299  | 297 | 298   | -1   |
| 3000        | 300  | 298 | 299  | 300  | 298 | 299   | -1   |
| 3010        | 301  | 299 | 300  | 301  | 299 | 300   | -1   |
| 3020        | 302  | 300 | 301  | 302  | 300 | 301   | -1   |
| 3030        | 303  | 301 | 302  | 303  | 301 | 302   | -1   |
| 3040        | 304  | 302 | 303  | 304  | 302 | 303   | -1   |
| 3050        | 305  | 303 | 304  | 305  | 303 | 304   | -1   |
| 3060        | 306  | 304 | 305  | 306  | 304 | 305   | -1   |
| 3070        | 307  | 305 | 306  | 307  | 305 | 306   | -1   |
| 3080        | 308  | 306 | 307  | 308  | 306 | 307   | -1   |
| 3090        | 309  | 307 | 308  | 309  | 307 | 308   | -1   |
| 3100        | 310  | 308 | 309  | 310  | 308 | 309   | -1   |
| 3110        | 311  | 309 | 310  | 311  | 309 | 310   | -1   |
| 3120        | 312  | 310 | 311  | 312  | 310 | 311   | -1   |
| 3130        | 313  | 311 | 312  | 313  | 311 | 312   | -1   |
| 3140        | 314  | 312 | 313  | 314  | 312 | 313   | -1   |
| 3150        | 315  | 313 | 314  | 315  | 313 | 314   | -1   |
| 3160        | 316  | 314 | 315  | 316  | 314 | 315   | -1   |
| 3170        | 317  | 315 | 316  | 317  | 315 | 316   | -1   |
| 3180        | 318  | 316 | 317  | 318  | 316 | 317   | -1   |
| 3190        | 319  | 317 | 318  | 319  | 317 | 318   | -1   |
| 3200        | 320  | 318 | 319  | 320  | 318 | 319   | -1   |
| 3210        | 321  | 319 | 320  | 321  | 319 | 320   | -1   |
| 3220        | 322  | 320 | 321  | 322  | 320 | 321   | -1   |
| 3230        | 323  | 321 | 322  | 323  | 321 | 322   | -1   |
| 3240        | 324  | 322 | 323  | 324  | 322 | 323   | -1   |
| 3250        | 325  | 323 | 324  | 325  | 323 | 324   | -1   |
| 3260        | 326  | 324 | 325  | 326  | 324 | 325   | -1   |
| 3270        | 327  | 325 | 326  | 327  | 325 | 326   | -1   |
| 3280        | 328  | 326 | 327  | 328  | 326 | 327   | -1   |
| 3290        | 329  | 327 | 328  | 329  | 327 | 328   | -1   |
| 3300        | 330  | 328 | 329  | 330  | 328 | 329   | -1   |
| 3310        | 331  | 329 | 330  | 331  | 329 | 330   | -1   |
| 3320        | 332  | 330 | 331  | 332  | 330 | 331   | -1   |
| 3330        | 333  | 331 | 332  | 333  | 331 | 332   | -1   |
| 3340        | 334  | 332 | 333  | 334  | 332 | 333   | -1   |
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| 3360        | 336  | 334 | 335  | 336  | 334 | 335   | -1   |
| 3370        | 337  | 335 | 336  | 337  | 335 | 336   | -1   |
| 3380        | 338  | 336 | 337  | 338  | 336 | 337   | -1   |
| 3390        | 339  | 337 | 338  | 339  | 337 | 338   | -1   |
| 3400        | 340  | 338 | 339  | 340  | 338 | 339   | -1   |
| 3410        | 341  | 339 | 340  | 341  | 339 | 340   | -1   |
| 3420        | 342  | 340 | 341  | 342  | 340 | 341   | -1   |
| 3430        | 343  | 341 | 342  | 343  | 341 | 342   | -1   |
| 3440        | 344  | 342 | 343  | 344  | 342 | 343   | -1   |
| 3450        | 345  | 343 | 344  | 345  | 343 | 344   | -1   |
| 3460        | 346  | 344 | 345  | 346  | 344 | 345   | -1   |
| 3470        | 347  | 345 | 346  | 347  | 345 | 346   | -1   |
| 3480        | 348  | 346 | 347  | 348  | 346 | 347   | -1   |
| 3490        | 349  | 347 | 348  | 349  | 347 | 348   | -1   |
| 3500        | 350  | 348 | 349  | 350  | 348 | 349   | -1   |
| 3510        | 351  | 349 | 350  | 351  | 349 | 350   | -1   |
| 3520        | 352  | 350 | 351  | 352  | 350 | 351   | -1   |
| 3530        | 353  | 351 | 352  | 353  | 351 | 352   | -1   |
| 3540        | 354  | 352 | 353  | 354  | 352 | 353   | -1   |
| 3550        | 355  | 353 | 354  | 355  | 353 | 354   | -1   |
| 3560        | 356  | 354 | 355  | 356  | 354 | 355   | -1   |
| 3570        | 357  | 355 | 356  | 357  | 355 | 356   | -1   |
| 3580        | 358  | 356 | 357  | 358  | 356 | 357   | -1   |
| 3590        | 359  | 357 | 358  | 359  | 357 | 358   | -1   |
| 3600        | 360  | 358 | 359  | 360  | 358 | 359   | -1   |
| 3610        | 361  | 359 | 360  | 361  | 359 | 360   | -1   |
| 3620        | 362  | 360 | 361  | 362  | 360 | 361   | -1   |
| 3630        | 363  | 361 | 362  | 363  | 361 | 362   | -1   |
| 3640        | 364  | 362 | 363  | 364  | 362 | 363   | -1   |
| 3650        | 365  | 363 | 364  | 365  | 363 | 364   | -1   |
| 3660        | 366  | 364 | 365  | 366  | 364 | 365   | -1   |
| 3670        | 367  | 365 | 366  | 367  | 365 | 366   | -1   |
| 3680        | 368  | 366 | 367  | 368  | 366 | 367   | -1   |
| 3690        | 369  | 367 | 368  | 369  | 367 | 368   | -1   |
| 3700        | 370  | 368 | 369  | 370  | 368 | 369   | -1   |
| 3710        | 371  | 369 | 370  | 371  | 369 | 370   | -1   |
| 3720        | 372  | 370 | 371  | 372  | 370 | 371   | -1   |
| 3730        | 373  | 371 | 372  | 373  | 371 | 372   | -1   |
| 3740        | 374  | 372 | 373  | 374  | 372 | 373   | -1   |
| 3750        | 375  | 373 | 374  | 375  | 373 | 374   | -1   |
| 3760        | 376  | 374 | 375  | 376  | 374 | 375   | -1   |
| 3770        | 377  | 375 | 376  | 377  | 375 | 376   | -1   |
| 3780        | 378  | 376 | 377  | 378  | 376 | 377   | -1   |
| 3790        | 379  | 377 | 378  | 379  | 377 | 378   | -1   |
| 3800        | 380  | 378 | 379  | 380  | 378 | 379   | -1   |
| 3810        | 381  | 379 | 380  | 381  | 379 | 380   | -1   |
| 3820        | 382  | 380 | 381  | 382  | 380 | 381   | -1   |
| 3830        | 383  | 381 | 382  | 383  | 381 | 382   | -1   |
| 3840        | 384  | 382 | 383  | 384  | 382 | 383   | -1   |
| 3850        | 385  | 383 | 38   |      |     |       |      |



## Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

| Canada    |       |       |       | Finney Bowes |       |       |       | Transworld |       |       |       |
|-----------|-------|-------|-------|--------------|-------|-------|-------|------------|-------|-------|-------|
| 1st Qtr.  | 1985  | 1984  | 1983  | 1st Qtr.     | 1985  | 1984  | 1983  | 1st Qtr.   | 1985  | 1984  | 1983  |
| Revenue   | 1,200 | 1,100 | 1,000 | Revenue      | 1,200 | 1,100 | 1,000 | Revenue    | 1,200 | 1,100 | 1,000 |
| Net Inc.  | 100   | 90    | 80    | Net Inc.     | 100   | 90    | 80    | Net Inc.   | 100   | 90    | 80    |
| Per Share | 1.20  | 1.10  | 1.00  | Per Share    | 1.20  | 1.10  | 1.00  | Per Share  | 1.20  | 1.10  | 1.00  |

| United States |       |       |       | Rover Group |       |       |       | Union Electric |       |       |       |
|---------------|-------|-------|-------|-------------|-------|-------|-------|----------------|-------|-------|-------|
| 1st Qtr.      | 1985  | 1984  | 1983  | 1st Qtr.    | 1985  | 1984  | 1983  | 1st Qtr.       | 1985  | 1984  | 1983  |
| Revenue       | 1,200 | 1,100 | 1,000 | Revenue     | 1,200 | 1,100 | 1,000 | Revenue        | 1,200 | 1,100 | 1,000 |
| Net Inc.      | 100   | 90    | 80    | Net Inc.    | 100   | 90    | 80    | Net Inc.       | 100   | 90    | 80    |
| Per Share     | 1.20  | 1.10  | 1.00  | Per Share   | 1.20  | 1.10  | 1.00  | Per Share      | 1.20  | 1.10  | 1.00  |

| United Kingdom |       |       |       | Sears Roebuck |       |       |       | U.S. Leasing |       |       |       |
|----------------|-------|-------|-------|---------------|-------|-------|-------|--------------|-------|-------|-------|
| 1st Qtr.       | 1985  | 1984  | 1983  | 1st Qtr.      | 1985  | 1984  | 1983  | 1st Qtr.     | 1985  | 1984  | 1983  |
| Revenue        | 1,200 | 1,100 | 1,000 | Revenue       | 1,200 | 1,100 | 1,000 | Revenue      | 1,200 | 1,100 | 1,000 |
| Net Inc.       | 100   | 90    | 80    | Revenue       | 1,200 | 1,100 | 1,000 | Revenue      | 1,200 | 1,100 | 1,000 |
| Per Share      | 1.20  | 1.10  | 1.00  | Revenue       | 1,200 | 1,100 | 1,000 | Revenue      | 1,200 | 1,100 | 1,000 |

## Bayer Posts 56% Earnings Increase

By Warren Getler

International Herald Tribune

FRANKFURT — Bayer AG

said Wednesday that it posted a 56-

percent increase in net group

income in 1984 and confirmed that it

would lift its dividend to 9 Deutsche

marks (about \$3) from 7 DM.

The company, which is based in

Leverkusen, reported that its

world-group net soared to a record

1.174 billion DM in 1984 from 754

million a year earlier. Earlier this

month, Bayer said 1984 world-

group pretax profit climbed 34.3

percent, to 2.9 billion DM from

2.16 billion a year earlier.

Bayer's dividend matches its two

primary domestic rivals, Hoechst

AG and BASF AG. Both firms

earlier announced increases of 2

DM, also to 9 DM.

On Tuesday, Hoechst reported a

49-percent rise in 1984 group net

profit, to a record 1.35 billion DM

from 909 million a year earlier.

BASF said its group net jumped 73

percent, to a record \$85.5 million

DM from \$17.2 million.

Pretax profit at Hoechst was up

46 percent, to 2.85 billion DM in

1984, compared with a 50-percent

rise to 2.52 billion DM at BASF.

According to analysts, the 2-DM

dividend increases at the "big

three" chemical groups was greeted

without enthusiasm on the Frank-

furt Stock Exchange. On Wednes-

day, share prices of all three firms

dropped, with Bayer down 20

pennings to 213.8 DM, Hoechst down

70 pennings to 214.3 DM, and

BASF off 20 pennings to 205.5 DM.

However, an analyst at Commerz-

bank AG said the companies are

in a good position to again raise

profits.

Thomson in Indian Venture

NEW DELHI — France's state-

owned Alcatel Thomson plans to

form a joint venture in India to sell

telecommunications technology

and products, the French govern-

ment said Wednesday. The new

firm is to be owned 40 percent by

Alcatel Thomson and 60 percent by

private Indian interests.

## E. Germany: Hoarding, or Saving for High Tech?

(Continued from Page 15)

dose of high technology, which it

can get only in the West.

East Germany ranks between

10th and 12th in the world in indus-

trial production, according to

Western estimates. It is far ahead

of other Eastern-bloc countries but

still far behind the major Western

industrial nations.

"It must modernize at all cost; if

it doesn't it will fall to the level of

such semi-industrial nations as

Mexico," a West German official

said.

East German industries are doing

well in many traditional fields

including the production of heavy

machinery, machine tools, printing

presses, textile machines, special-

purpose machines, and advanced

optical and medical instruments. It

also does well in the manufacture

of textiles, shoes and some other

consumer goods, according to

Western specialists.

But East Germany is lagging in

the development of automation

and the whole range of modern

electronic refinements in industry

needs to compete in advanced mar-

kets.

One specialist estimated that the

East Germans were seven years be-

hind Western Europe in computer

hardware, and 10 or more years

behind in software.

"Their main bottleneck is hard-

ware," he said. "They have excel-

lent mathematicians and are doing

fine theoretical work but you can't

develop software if you don't have

the hardware to use and train on."

West Germans watching East

Germany's economic progress of-

ten speak with respect of the efforts

made in "the other Germany."

The East Germans, one analyst

observed, had a rough start eco-

nomically as well as politically.

They had no Marshall Plan but,

instead, an occupying power that

dismantled their industries and

shipped them east.

He added that, unlike West Ger-

many, the East Germans could not

buy licenses for modern postwar

technologies. Using the aircraft in-

dustry as an example, he said, "Un-

## MONTGOMERY FINANCIAL FUND LTD.

Notice is hereby given that the second annual general meeting of the

above company will be held at the offices of Cymon Corporate

Services Ltd., 3rd floor, first home tower, British American Building,

Grand Canyon at 1000, on May 21st, 1985 when the following

ordinary business will be transacted:

1. To receive and consider the report of the directors and the financial

statements for the year ended December 31st, 1984.

2. To receive and consider the report of the investment manager or his

representative.

3. To ratify the declaration and payment of a dividend by the company.

4. To ratify all acts of the directors up to the time of the A.G.M.

5. To transact any other business which may be properly transacted at

an annual general meeting.

A member entitled to attend and vote at the meeting is entitled to

appoint a proxy to attend and vote in his stead. A proxy need not be a

member of the company. To ensure receipt by the company of your proxy,

proceeds should be lodged at the offices of Cymon Corporate

Services Ltd., P.O. Box 1062, Grand Canyon, B.V.I., not less than forty

eight (48) hours prior to the date appointed for the meeting. Bearer

shareholders must present their certificates to the chairman of the

meeting on the day.

Dated 24th day of April, 1985.

By order of the Board

Cymon Corporate Services Ltd.,

Secretary.

## An Invitation to Oxford.

The International Herald Tribune and Oxford Analytica

present a Special Conference on

The International Business Outlook

Christ Church, Oxford,

September 19-21, 1985.

## THE DREYFUS INTERCONTINENTAL INVESTMENT FUND N.V.

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of The Dreyfus

Intercontinental Investment Fund N.V. ("The Fund") has been called by the

Management and will take place at the registered office of the Fund, De

Ruyterlaan 62, Willemstad, Curaçao, Netherlands Antilles on May 16, 1985

at 11.00 a.m.

## AGENDA

1. Consideration of the declaration of a dividend of \$0.12 per share to

stockholders of record on May 31, 1985.

2. Approval of Financial Statements for the fiscal year ended August

31, 1984.

3. Reduction of the Fund's authorized capital from 1,000,000 to 750,000

shares.

4. The transaction of such other business as may properly come before

the meeting, or any adjournment or adjournments thereof.

The foregoing items may be approved by a majority of the shares cast on

each item. The Annual Report of the Fund containing the Financial

Statements for the fiscal year ended August 31, 1984 and form of proxy

available in English or German without cost to the stockholder — may be

obtained from the principal office of The Dreyfus Intercontinental Invest-

ment Fund N.V., Post Office Box N3712, Nassau, N.P., Bahamas Islands,

from the offices of the Paying Agents listed below, or from

Dreyfus GmbH

Maximilianstr. 24

8000 Munich 22, West Germany

Tel: 089/220702, Telex: 529392

Holders of bearer shares will be admitted to the Meeting upon presentation

of their certificates or presentation of a voucher which may be obtained

from any of the Paying Agents listed below. Holders of bearer shares may

vote by proxy by making a form of proxy and a voucher obtained from

one of the Paying Agents listed below to Mr. John Buchanan, The Dreyfus

Intercontinental Investment Fund N.V., c/o RayWest Trust Corporation

(Bahamas) Limited, Mutual Funds Department, P.O. Box N7785, Nassau,

Bahamas Islands. The form of proxy and voucher must be received by Mr.

Buchanan by May 15, 1985 to be voted at the meeting. The Custodian of

the Fund are the Bank of New York 60 Washington Street, New York, N.Y.,

and RayWest Trust Corporation (Bahamas) Limited.

All inquiries should be directed to RayWest Trust Corporation (Bahamas)

Limited, Mutual Funds Department, P.O. Box N7785, Nassau, N.P., Bahamas

Islands. Inquiries may also be directed to Dreyfus GmbH, Maximilianstr. 24,

8000 Munich 22, West Germany, Tel: 089/220702, Telex: 529392.

Savilling Green Company Limited,

Managing Director

## PAYING AGENTS FOR

## THE DREYFUS INTERCONTINENTAL

## INVESTMENT FUND N.V.

Morgan Grenfell &amp; Co. Limited

23 Great Winchester Street,

London EC2P 2AX,

England.

Banque Internationale

à Luxembourg

2 Boulevard Royal,

Luxembourg 2205.

Deutsche Bank AG

Graese Gollstr. 10-14,

6 Frankfurt/Main 1,

West Germany.

RayWest Trust Corporation

(Bahamas) Limited

Mutual Funds Department,

P.O. Box N7785,

Nassau, Bahamas Islands.

For further information, please send

your business card to International Business

Outlook Conference, International Herald

Tribune, 181 Avenue Charles-de-Gaulle, 92021

Nancy Cedex, France. Telephone: 7471265.

Telex: 613 595 E.

The Daily Source for

International Investors.

Herald Tribune

Flexibility on

Fast Trade

Soviet Union Intensifies

Its Campaign Against

NATO Missile Program

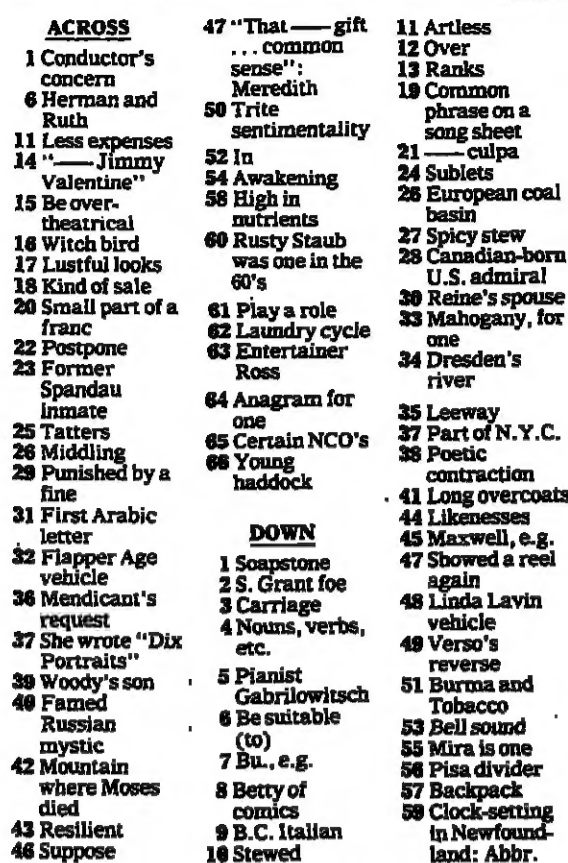










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YOU KNOW, YOU CAN'T BE A WATCHDOG ALL YOUR LIFE...

WHEN YOU GET OLDER, YOU MAY HAVE TO CONSIDER A CHANGE...

I JUST WONDER WHAT YOU'D DO

I'D PROBABLY RETURN TO MY PRIVATE LAW PRACTICE...

4-25

Snoopy

ARE COMPUTERS REALLY THAT GREAT?

WELL, IN FIVE MINUTES, IT CAN DO WHAT ONE PERSON CAN DO IN A WEEK

THAT'S NOT SAYING MUCH

4-25

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MARK WINKLER

Dist. by News America Syndicate

IT'S OPENING TIME, ANDY~!

COMING, CHALK!

COME AND TAKE A LITTLE BIT AFTER ALL YOUR ALIVE YOUR WITH THE BRAINS

HE NEVER FORGETS. IT'S BEING LECTURED HIM AS A HUSBAND

WIZARD of ID

4.25

ISN'T HE ADORABLE?

...CAN I HAVE HIM?

THEY'RE JUST AWAYED HIM YET OF THE MONTH!

SOUNDS OKAY, BUT...

...I HAPEN TO KNOW THE RUNNER-UP WAS A BOA CONSTRUCTOR

PARKER

BRADY, I JUST GOT YOUR MESSAGE! IS ANYTHING WRONG?

HAVEN'T YOU BEEN KEEPING UP WITH YOUR CAR PAYMENTS, CLAUDIA? I RECEIVED TWO MONTH DELINQUENT NOTICE IN THE MAIL!

SORRY, DARLING? SEND THEM A CHECK FROM YOUR ACCOUNT AND I'LL GET UNBURSE YOU WHEN I GET HOME!

BRADLEY EDWARDS 4/85

Graham Smith

I HAVE A DATE WITH MARY LOU TONIGHT AND I'M GOING TO CHARM HER OUT OF HER SOCKS

I'M GOING TO PLAY IT REAL COOL. I'M GOING TO QUOTE POETRY AND BE REAL SUAVE

SHE'LL BE PUTTY IN MY HANDS

YOUR TIE IS IN YOUR COFFEE

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**Insights Into the Middle East**  
By Jimmy Carter. 224 pp. \$15.95.  
Houghton Mifflin, 2 Park Street, Boston,  
Mass. 02108.  
Reviewed by Marvin Scid

**T**HE unfinished business and unfulfilled hopes of Camp David haunt Jimmy Carter. The peace process that he helped move forward in 1978 and 1979, and that seemed to hold such bright promise for the Middle East, has long since come to an inconclusive halt. Egypt and Israel have indeed ended their belligerency, but the goal of a larger regional peace remains as elusive as ever. The blood of Abraham that flows through the veins of Jews, Christians and Moslems alike, Carter writes, continues to be spilled in conflicts over the patriarch's inheritance. Why, and what Carter thinks is needed to change this dismally familiar state of affairs, is the subject of this book.

The former president has spent a lot of time talking with leaders and scholars from the Middle East. He has made a number of trips to the region. His views are shaped, in compassion for all those who are innocent, who have suffered in this cockpit of religious and nationalistic antagonisms. Like others, Carter believes that the Palestinian issue is central to the conflict and that there can be no resolution without its just settlement, specifically including "self-determination" for the population of the Gaza Strip and the West Bank. Like others, he believes that the reality of Israel must at the same time be accepted by its Arab neighbors.

Like others, Carter has no trouble defining the issues and relating the fears, grievances and ambitions that he has heard expressed on all sides. And like others, he can outline a sensible methodology for accommodation. What he cannot do is describe feasible means for moving the participants in the conflict to effective action. In the end, he can only put his faith in the eventual triumph of good will, reasoned self-interest, outside pressures and hope.

An implicit theme throughout this book is the absence of Middle Eastern leaders who are able and ready to act innovatively and decisively. Carter's model for such a leader is clearly the late President Anwar Sadat of Egypt, who made bold moves to break the enormously costly and unproductive cycle of violence and mistrust. Sadat was only partially

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
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| L | A | R | A |   | V | E | R | S | O |   | R | A | Y | E |
| L | O | N | G |   | F | E | L | L | O |   | O | K | E | S |
| O | R | O |   | A | R | T | Y |   | E | V | A |   |   |   |
| W | I | T | N | E | S | S |   | B | R | I | D | G | E | S |
|   |   |   |   | A | R | E |   | F | A | I | R | M | O | N |
| N | A | R | R |   | F | I | N | N |   | I | R | A | E |   |
| E | M | I | R |   | F | L | A | G | G |   | N | A | T | E |
| N | A | S | O |   | A | I | T | S |   | A | D | L | E | R |
| S | T | E | W | A | R | T | S |   | O | N | E |   |   |   |
| A | I | R | G |   | U | N | S |   | M | U | D | D | L | E |
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| F | R | O | G |   | E | A | G | L | E |   | A | N | T | E |
| T | Y | K | E |   | S | P | E | E | D |   | B | E | N | T |

**B**IDDING to an unbeatable slam contract in the face of a game-forcing opening, *an opponent is something that does not happen to the average player in a bridge lifetime.* It happened to East-West on the diagrammed deal although they were not allowed to play the slam, the end result was entirely satisfactory.

When South opened two clubs, strong and artificial, West was able to make an unusual application of the "unusual no-trump" concept. His two no-trump bid showed length in the minor suits, and East was able to irritate South by jumping to five clubs.

It was no surprise to East to hear a five-heart bid on his left,

successful. He regretted the Sadat decision, but largely giving Israel recognition and peace to live up to the Camp David accord. Carter suggests, Sadat was unable to break the stalemate over the West Bank. The one chance for that happening now is if leaders in Israel and among the Arab parties are determined to see it happen. The prospects for that are less than encouraging.

Israel is largely paralyzed under the rule of a "national unity" government that in fact reflects only the absence of a clear electoral consensus. King Hussein of Jordan has no interest in becoming the point man for a peace initiative that does not have the open blessing — and protection — of broad Palestinian support, and the backing of other Arab states, which up to now have shown no interest in attracting the wrath of Syria and other rejectionists.

The Palestinians have increasingly become hostage to the exclusive representational role conferred at a 1974 Arab summit meeting upon a now-divided Palestine Liberation Organization. The PLO, as Carter sees it, has reached a dead end. Its use of terror and its insistence on confrontation and inflexibility have achieved nothing for Palestinians living under Israeli rule. "The PLO leaders," Carter writes, "continue to act against the interests of those whom they represent while refusing to accept any responsibility for the lack of progress."

What might break this deadlock? Carter proposes that the United States take the initiative in peace talks and accept "deep involvement" in a reinvigorated process designed to achieve a comprehensive Middle East peace settlement. "The door would be open to 'all parties to the dispute,' by which he means that the PLO should be included (since he is no longer president, it seems strange that he does not actually say so).

Moreover, among the aims of these talks should be protection of human rights, including the right of self-determination, "as recognized in the U.S. Constitution and under international law." This is an admirable goal. Presumably, since he advocates a comprehensive approach, Carter intends it to apply not just to the Palestinians but to the citizens of Syria, Saudi Arabia and other Arab countries where the guarantees of the U.S. Constitution are regarded with some suspicion, if not contempt. Unhappily, he fails to suggest how this might be accomplished.

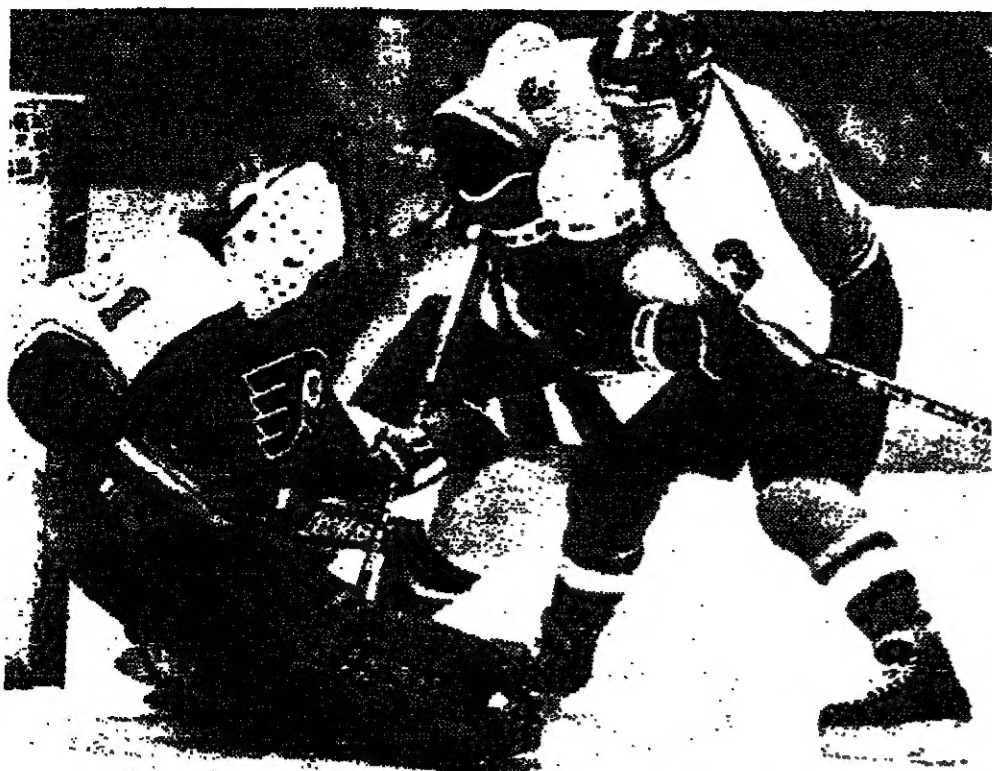
In discussing President Assad of Syria, Carter writes that "he had a reputation among other Arab leaders for ruthlessness and brutality toward those Syrians who resisted his authority." This is a rather gingerly way to describe a man who has ordered the butchery of tens of thousands. Is it unreasonable that would-be Arab compromisers ask themselves what their fate might be should they openly dispute Assad's will? There is no reason to doubt Carter's conviction that millions throughout the Middle East yearn for real peace and are prepared to accept political compromises to get it. But the enormous impediment to progress can be neither ignored nor wished away. It seems hardly likely that responsible formulas, no matter how sincerely proposed, will themselves be sufficient to remove these roadblocks. If it were otherwise, peace would have come to the Middle East long ago.

*Marvin Seid is on the staff of the Los Angeles Times.*

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## SPORTS



Despite Philadelphia's tag-team combination of defenseman Doug Crossman and goalie Pelle Lindbergh, John Tonelli scored for the Islanders at 19:22 of Tuesday's second period.

## Flyers and Oilers Widen Leads; Nordiques, Black Hawks Gain

Compiled by Our Staff From Dispatches

NEW YORK — The goalies are starting to make the real difference.

Pelle Lindbergh of the Philadelphia Flyers and Grant Fuhr of the Edmonton Oilers continued to excel and got much of the credit for leading their teams to 3-0 leads in best-of-seven Stanley Cup quarterfinal series.

Both have been phenomenal throughout the National Hockey League postseason, and were joined

### STANLEY CUP PLAYOFFS

Tuesday night by Chicago's Murray Bannerman and Quebec rookie Mario Gosselin as the dominant factors in division finals.

#### Flyers 5, Islanders 3

In Uniondale, New York, Lindbergh made 36 saves and stopped 25 of 27 second-period shots in Philadelphia's 5-3 triumph over the Islanders in the Patrick Division finals. The Islanders' two-period total of 35 shots broke a playoff record, but New York managed only four in the third.

Were any of the saves particularly difficult? "Don't ask me," said Lindbergh. "There were so many, I don't remember any of them."

After killing off four consecutive first-period power plays (including a 5-on-3) in a span of 6:44, and trailing by 3-1, New York finally got a break early in the second period with a five-minute power-play opportunity. But when Clark Gillies fanned on a pass, Philadelphia's Brian Propp pounced on the puck and blew past the still-attacking Islanders and beat Billy Smith on an unassisted breakaway goal.

"We were very fortunate that we came out of the second period the way we did — with a lead," said Propp. "Our goalie sat on his head for us, so we had to do something for him in the next period." They did, holding the Islanders to four shots.

"I was really tired in the second period and it was really warm," Lindbergh said of New York's 27-shot middle-period barrage. "They were shooting from all over the place, but fortunately we got two goals, too."

"The way we came back in the third period, it showed that even when we played really bad, we could still play good."

#### Oilers 5, Jets 4

In Winnipeg, Manitoba, Mark Messier had three assists and Glenn Anderson added a goal and two assists as Edmonton nipped the Jets, 5-4, in the Smythe Division final. It was the Oilers' ninth straight playoff victory over Winnipeg.

Wayne Gretzky — not known for post-season greatness — scored the game-winner at 6:13 of the third period when he got behind defenseman Randy Carlyle, skated in on goalie Brian Hayward and, after faking a shot, slid home a backhand.

With 15 seconds left in the second period, Dave Babych, who also had two assists, tied the score, 4-4, on a wrist shot mislaid by goalie Fuhr. "I gave up a bad one," said Fuhr, "and I had to come out in the third and make a few good saves, because I knew the guys would come through and get me a goal."

Among Fuhr's 28 saves were 12 in the first period, when Edmonton was outshot 14-7. "He was the differ-

ence," said defenseman Babych. "It's frustrating to play so well and lose by one goal. We had lots of other good scoring chances tonight and we fanned. But we can't let Fuhr get to us. We've got to go out and upset him."

#### Nordiques 7, Canadiens 6

In Quebec City, Dale Hunter took a pass from Michel Goulet — who had already scored three goals — and blasted a slapshot past Steve Penney at 18:36 of overtime to lift the Nordiques to a 7-6 victory over Montreal. It was Quebec's second overtime triumph in the best-of-seven Adams Division finals, which the Nordiques lead, 2-1.

"For now, at least, this is the most important goal of my career," said Hunter, whose overtime tally in Game 5 of the opening round of the 1982 playoffs eliminated Montreal.

"I was following Goulet up along the side, and he dropped the puck when he collided with a defenseman," said Hunter. "I picked it up, took a step, lowered my head and took a slapper."

Four times the Nordiques rallied from one-goal deficits in a game with brilliant overtime goaltending by Penney and Gosselin and a total of 140 minutes in penalties.

Gosselin faced 36 Montreal shots in all — 11 in the extra session. "I jumped on the ice for the overtime," he said. "I like to enjoy myself. If we win, thank you. If we lose, we look forward to the next game."

Hunter's brother, Mark, a Canadian right wing, had two scoring chances early in overtime. On the first, at 2:32, he poked a rebound toward an open net but defenseman Mario Marois swept the puck away. Gosselin also stopped Hunter on a breakaway at 4:02 — and Mats Naslund on another shortly thereafter.

"Winning the third game takes a lot of pressure off us," said Gosselin, who leads all playoff scorers with 11 goals. "Now we know we're coming back for at least one more game at home."

#### Black Hawks 5, North Stars 3

In Bloomington, Minnesota, goals by Dennis Maruk and Dino Ciccarelli put Chicago in the hole, 2-0, but Bob Murray and Tom Lysiak connected before the end of the first period and Al Secord scored twice in a 2-0 second of the second and the Black Hawks went on to a 5-3 verdict for a 2-1 lead in the Norris Division finals.

Black Hawk goalie Bannerman made 38 saves. "You have to overpower Bannerman with chances. He's only human," said the losers' Steve Payne. "He always plays well against us in the playoffs. He was the difference." The North Stars had a 31-14 shot advantage over the final two periods.

"We got a few breaks and we took advantage of them late in the second period," Bannerman said. "My job was just to keep us in there and our offense took care of the rest."

Secord broke a 2-2 tie with 2:50 left in the second period when he took the puck away from defenseman Craig Hartsburg and wristed a 20-footer between the legs of goaltender Gilles Meloche. Then Denis Savard stole the puck from the North Stars' Ron Wilson and took a slapshot that Meloche stopped, only to see Secord flip in the rebound.

The fourth games in all series will be played Thursday night.

(UPI, AP)

## Cavaliers Hold Off Celtics

United Press International

RICHFIELD, Ohio — Cleveland refuses to go under.

The Cavaliers beat the Boston Celtics 105-98 here Tuesday night to stay alive in the National Basketball Association playoffs. True, Boston's Larry Bird was sidelined because of bursitis and bone chips in his elbow, but the winners had

### NBA PLAYOFFS

reasons to celebrate nonetheless: Cleveland won its first playoff game since 1977 and Boston had defeated the Cavs 17 straight games, dating to January, 1983.

The Celtics lead the best-of-five series, 3-1, with the fourth game scheduled here Thursday. In Tuesday's other opening-round games, Los Angeles completed a 3-0 sweep of Phoenix, while Denver and Portland downed San Antonio and Dallas, respectively, to go up, 2-1. Four other series were to resume Wednesday night, Philadelphia (ahead 2-0) was to play at Washington, Milwaukee (leading 3-0) at Chicago, Detroit (up 2-0) at New Jersey, and Houston (lead 1-1) at Utah.

Cleveland's World B. Free, who

had 32 points, wasn't having any tainted-victory talk. "We would've won with or without Bird," he said.

"Let them bring back Bird. We'll do it again in Game 4."

Bird had played in 67 of Boston's last 68 playoff games. His replacement, Scott Wedman, finished with 30 points.

Cleveland led 76-66 after three quarters. The defending NBA champion Celtics regrouped and ran off eight points to start the fourth period, but Roy Hinson hit three straight baskets and the Cavs led, 88-82. Wedman responded with 6 points and Parish with 4 as Boston pulled to within 92-90 with 3:06 left. Phil Hubbard's 6 points in the final 2:03 sealed the victory.

Said Wedman: "I just hope we can get this over with Thursday night."

#### Lakers 119, Suns 103

In Phoenix, Arizona, James Worthy hit for 23 points and the Los Angeles Lakers, 119-103, victors over the Suns, advanced to the league quarterfinals against the winner of the Dallas-Portland series.

Kareem Abdul-Jabbar added 18 points and Mike McGee 17 for the winners, while Magic Johnson had

11 assists. Maurice Lucas's 26 points and 13 rebounds paced Phoenix.

The Suns had five injured players on the bench in street clothes. "I've been in the league a long time," said Lakers Coach Pat Riley, "and never seen a team decimated by injuries like Phoenix."

Trail Blazers 122, Mavericks 109

In Portland, Oregon, Kiki Vandeweghe scored 10 of his 24 points in the fourth quarter to spark the Trail Blazers to a 122-109 victory over Dallas. Vandeweghe came off the bench with 5:09 left in the fourth quarter and Portland leading 105-102.

Rolando Blackman and Mark Aguirre led the Mavericks with 30 points each.

Nuggets 115, Spurs 112

In San Antonio, Texas, T.R. Dunn, whose traveling violation gave the Spurs a chance to tie the game in the final minute, hit a pair of free throws with two seconds left to carry Denver to a 115-112 verdict.

George Gervin had 30 points for San Antonio, while teammates Mike Mitchell and Artis Gilmore added 23 each. Alex English paced the winners with 27.

## Take 150 Bushels Mint, Add Bourbon . . .

United Press International

LOUISVILLE, Kentucky — With the Run for the Roses less than two weeks off, the scramble in the local mint patches began Tuesday in an effort to gather sprigs to flavor 80,000 mint juleps sold at the Kentucky Derby.

"When you cut it, you always keep your bundles sitting up," said Bill Dohn, a farmer who sells 80 percent of his mint crop to Churchill Downs during Derby week. "Otherwise it'll bend. You want to keep it nice and straight, so when you bundle it you stand it up in the crate."

Mint has a tendency to seek the sunlight, so turning the plant on its side can lead to a bent sprig — considered inappropriate by traditionalist Derby fans who sip juleps in silver cups packed with crushed ice.

Dohn said this spring has been a good mint season, with the crop in fine shape and just in time for Saturday's start of the spring meet at Churchill Downs.

The track expects to sell 100,000 mint juleps during the meet — which ends June 30 — with an estimated 80,000 to be sold (at \$3.75 each) in souvenir

glasses on May 4, Derby Day, when the track will draw some where around 140,000 fans.

The Derby Day flood of juleps requires 150 bushels of mint, 60 tons of crushed ice and 8,000 quarts of another Kentucky product — bourbon.

Edgar Allen, a track spokesman, said mint juleps are a solid part of the Derby tradition. "I think the mint julep is as important to Derby visitors as hearing 'My Old Kentucky Home' and seeing the infield and the names of past Derby winners around the clubhouse," he said.

## U.S. Edges W. Germany, Nears Medal-Round Slot

Compiled by Our Staff From Dispatches

PRAGUE — The U.S. hockey team pulled closer to a berth in the medal round of the world championships with a 4-3 victory here Tuesday night over West Germany.

Kelly Miller, 22, who played a few games for the New York Rangers during the National Hockey League regular season and playoffs, scored the game-winner with 8:18 to go on a feed from Tony Granato. To reach the medal round, the United States needs one point from its remaining games, against East Germany and Finland.

In other games Tuesday, the Soviet Union defeated Sweden, 6-2, and Canada and Czechoslovakia tied, 4-4, as did East Germany and Finland.

The Russians (5-0) are atop the standings, followed by the United States (4-1), Canada and Czechoslovakia (both 3-1), Sweden (3-2), Finland (1-3), East Germany (0-1) and West Germany (0-5).

"The game was not rough," complained Czech coach Ludek Bukac — "it was very rough. Our players are not used to such games. There was a lot of stick work and hooking, it cost a lot of strength." Canadian left wing John Anderson agreed.

"It was a tough game, as tough as in the NHL, and both teams got mad at times," he said.

Anderson and Tony Tanti each scored their fourth goals of the tournament, and teammates Doug Halward and Kirk Muller had a goal apiece. Two Canadian scorers were set up by Mario Lemieux of

the Pittsburgh Penguins, the NHL's top draft choice a year ago. Vladimir Ruzicka, Jiri Lala, Milor Horava and Dusan Pasek scored for the host country.

Sweden skated well in the first 40 minutes, but the Russians broke things open with three goals in the final period. In the hard-fought game, defenseman Alexander Kasatov and Ulf Samuelsson were thrown out for fighting by Finnish referee Pertti Juhola: both will have to sit out the next game, according to international rules.

The United States fell behind at 8:05 of the opening period, when Dieter Heggen converted a pass from Ernst Hofner, but took the lead before the period ended on goals by Pittsburgh's Moe Mantha and Corey Milten in a span of 58 seconds — Milten's coming at the 19:59 mark.

Franz Reinold beat U.S. goalie Kevin Vanbiesbroeck to tie the game early in the second period. The Americans, who had difficulty handling the West Germans' defensive alignments, regained the lead when Mark Johnson of the St. Louis Blues slipped in a pass at 7:55. Heggen equalized again a few minutes later, deflecting a shot by Ulf Hiemer.

U.S. Coach Dave Peterson called it "as difficult a match as any. For the first time we were the favored team and thus felt pressure and we were coming from a very tough game with the Czechs. We were not quite as sharp but [West German goalie] Karl Friesen played extremely well."

(AP, UPI)

## SCOREBOARD

### Baseball

#### Tuesday's Major League Line Scores

| AMERICAN LEAGUE           | NATIONAL LEAGUE            |
|---------------------------|----------------------------|
| DETROIT 100 000-4 9 1     | ATLANTA 000 000-4 1 0      |
| BOSTON 000 000-4 1 0      | CHICAGO 000 000-4 1 0      |
| MINNESOTA 000 000-4 1 0   | ST. LOUIS 000 000-4 1 0    |
| KANSAS CITY 000 000-4 1 0 | PHILADELPHIA 000 000-4 1 0 |
| NEW YORK 000 000-4 1 0    | PITTSBURGH 000 000-4 1 0   |
| CLEVELAND 000 000-4 1 0   | CINCINNATI 000 000-4 1 0   |
| CHICAGO 000 000-4 1 0     | ST. LOUIS 000 000-4 1 0    |
| DETROIT 000 000-4 1 0     | ATLANTA 000 000-4 1 0      |
| BOSTON 000 000-4 1 0      | CHICAGO 000 000-4 1 0      |
| MINNESOTA 000 000-4 1 0   | ST. LOUIS 000 000-4 1 0    |
| KANSAS CITY 000 000-4 1 0 | PHILADELPHIA 000 000-4 1 0 |
| NEW YORK 000 000-4 1 0    | PITTSBURGH 000 000-4 1 0   |
| CLEVELAND 000 000-4 1 0   | CINCINNATI 000 000-4 1 0   |

### Major League Standings

| AMERICAN LEAGUE           | NATIONAL LEAGUE            |
|---------------------------|----------------------------|
| DETROIT 100 000-4 9 1     | ATLANTA 000 000-4 1 0      |
| BOSTON 000 000-4 1 0      | CHICAGO 000 000-4 1 0      |
| MINNESOTA 000 000-4 1 0   | ST. LOUIS 000 000-4 1 0    |
| KANSAS CITY 000 000-4 1 0 | PHILADELPHIA 000 000-4 1 0 |
| NEW YORK 000 000-4 1 0    | PITTSBURGH 000 000-4 1 0   |
| CLEVELAND 000 000-4 1 0   | CINCINNATI 000 000-4 1 0   |

### Hockey

#### NHL Playoffs

| DETROIT       | BOSTON        | MINNESOTA     | KANSAS CITY   | NEW YORK      | CLEVELAND     |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 100 000-4 9 1 | 000 000-4 1 0 | 000 000-4 1 0 | 000 000-4 1 0 | 000 000-4 1 0 | 000 000-4 1 0 |

### World Championships

#### TUESDAY'S RESULTS

| DETROIT       | BOSTON        | MINNESOTA     | KANSAS CITY   | NEW YORK      | CLEVELAND     |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 100 000-4 9 1 | 000 000-4 1 0 | 000 000-4 1 0 | 000 000-4 1 0 | 000 000-4 1 0 | 000 000-4 1 0 |

## Dodgers Help Giants Maintain Jinx Over Valenzuela

Compiled by Our Staff From Dispatches

SAN FRANCISCO — Mike Krukow's 10 strikeouts and Fernando Valenzuela's four-hit performance were the highlights of a comedy of errors here Tuesday. The lowlights were a two-run error on a ground ball, a double 10 feet in front of home plate, an error on a

### BASEBALL ROUNDUP

routine pop-up that led to the only other run and a collision in the outfield.

The San Francisco Giants didn't win pretty, but they did break a seven-game losing streak. Their 2-1 victory over the Los Angeles Dodgers marked Valenzuela's ninth loss in his last 10 Candlestick Park decisions.

Krukow struck out 10 and scattered 7 hits in going the distance and beating the Dodgers for the second time this season. The only run against him was unearned as he lowered his ERA to 0.35, having allowed just one earned run in 26 innings.

"I had a strong wind at my back," said Krukow (2-0). "I got a little brave after Mike Marshall's shot in the third. When that ball didn't go out, I figured nothing was going out."

In the fifth inning, the wind worked against Krukow. Mariano Duncan popped up in front of the plate and Krukow and three other Giants charged the ball. But the wind blew it away from hanging third baseman Chris Brown, and it fell untouched while Duncan went to second. But Krukow came right

back with an inning-ending strikeout.

Valenzuela, who has not given up an earned run this season after 33 innings over four games, didn't get any help from the wind or his teammates as he saw his scoreless string snapped at 25th innings with two unearned runs.

Last year the left-handed ace struggled through a 12-17 campaign despite posting a 3.01 ERA. In 13 games the Dodgers scored one run or not at all for him, and in 18 outings they scored two runs or less.

"Overall, I don't feel that frustrated," said Valenzuela (2-2), after striking out eight. "There's nothing I can do except go out and pitch. Krukow pitched a great game."

The Giants scored both their runs in the fifth. Alex Trevino doubled, José Uribe singled to short, and both runners moved up on a sacrifice bunt by Krukow. Dan Gladden then slapped a hard grounder that bounced off the glove of shortstop Dave Anderson and into center field for a two-run error.

An error by second baseman Manny Trillo on a routine pop-up by Valenzuela in the seventh led to the Dodgers' only run. Duncan followed with a single that sent Valenzuela to third and Al Oliver doubled to center. Duncan tried to score behind Valenzuela on the play, but was thrown out at the plate on a relay by Uribe at short.

Said Krukow: "Uribe threw the best strike of the day."

#### Expos 5, Phillies 4

In Montreal, Vance Law drew a



George Brett... Ninth-inning trigger man.

bases-loaded walk off Charles Hudson with one out in the 10th, giving the Expos their 5-4 decision over Philadelphia. Winner Jeff Reardon (1-0) pitched three hitless innings of relief.

In Pittsburgh, Rick Sutcliffe scattered eight hits and had a pair of hits, including a home run, and Keith Moreland went 3 for 3 and drove in three runs to pace Chicago past the Pirates, 5-0. Sutcliffe (3-1) struck out seven and walked one.

Cardinals 8, Mets 3

In St. Louis, Lonnie Smith stole three bases, had two hits and

scored twice to spark the Cardinals to an 8-3 verdict over New York.

#### Astros 6, Reds 4

In Houston, Kevin Bass drove in four runs to lead the Astros to a 6-4 verdict over Cincinnati. Bass had two singles and a homer in helping Ron Mathis to his first major-league victory.

#### Braves 4, Padres 2

In San Diego, Terry Harper doubled home three runs in the third to seal Atlanta's 4-2 victory over the Padres.

#### White Sox 6, Brewers 5

In the American League, in Chicago, pinch-hitter Oscar Gamble singled home the winning run in a two-run 10th as the White Sox edged Milwaukee, 6-5. Gamble's hit came off reliever Rolfe Fingers (0-1) and made a winner of Bob James (1-0), who had given up the go-ahead run in the top of the inning.

#### A's 14, Angels 9

In Anaheim, California, Dusty Baker drove in five runs with a two-run double and a three-run homer in the eighth, enabling Oakland to overcome six California home runs and defeat the Angels, 14-9.

#### Tigers 4, Indians 3

In Cleveland, Kirk Gibson's two-out broken-bat bloop double drove in two runs in the fifth and lifted Detroit past the Indians, 4-3. With the score tied, 1-1, the Tigers loaded the bases on two-out singles by Chris Pettit and Lou Whitaker and a walk to Alan Trammell. Gibson then broke his bat swinging at an inside fastball from Bert Blyleven

(0-2), but still muscled the ball over the head of third baseman Brook Jacoby. Pettit and Trammell scored on the hit. Winner Dan Petry (3-1) struck out two while allowing six hits and a walk over his 6th innings.

#### Royals 7, Blue Jays 6

In Toronto, George Brett's three-run double off Bill Caudill triggered a five-run ninth that put Kansas City past the Blue Jays, 7-6. Jorge Orta followed with a homer to make a winner of Joe Beckwith (1-1). Dan Quisenberry gave up two runs in the Toronto ninth, but escaped with his second save of the year.

#### Twins 4, Mariners 2

In Minneapolis, Tom Brunansky's two-run home run and Frank Viola's six-hit pitching paced Minnesota to a 4-2 defeat of Seattle. It was Brunansky's fifth homer in 14 career at-bats against loser Salome Barajas (0-1).

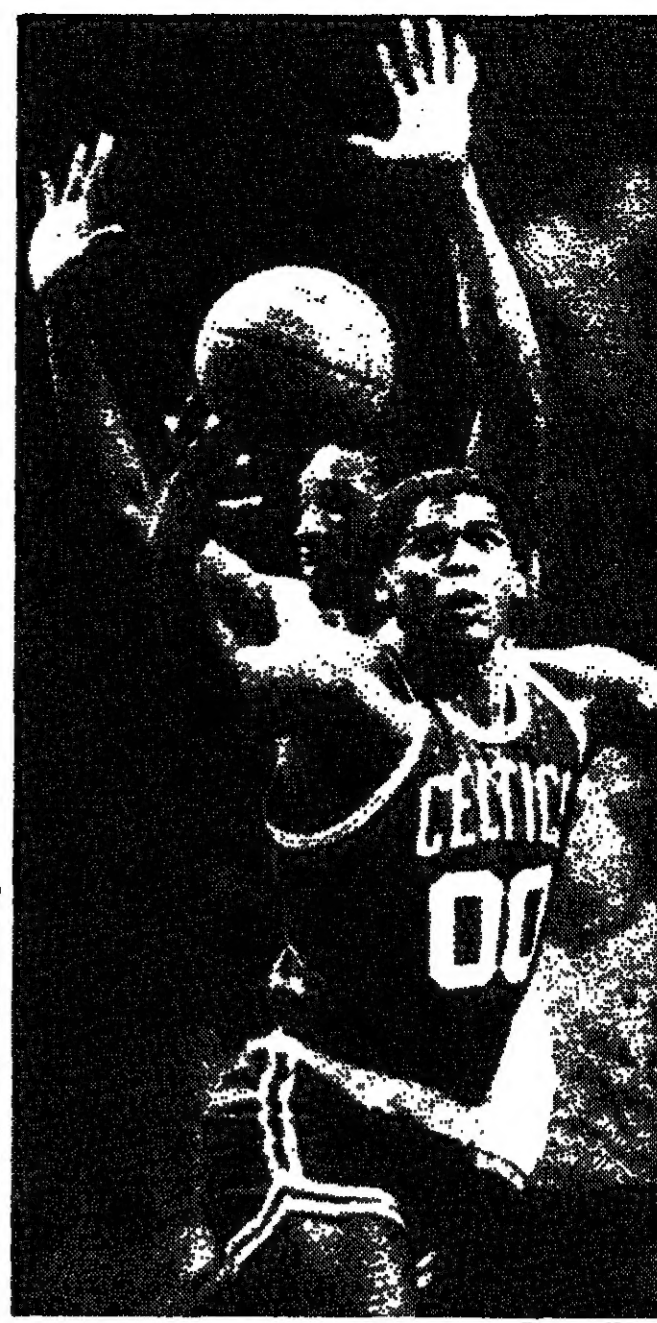
#### Orioles 11, Rangers 1

In Arlington, Texas, Storm Davis pitched a three-hitter and Mike Young and Rich Dempsey drove in three runs apiece as Baltimore bombed Texas, 11-1. Davis (1-0) retired 19 straight batters from the first inning until the seventh, when he was touched for a two-out double. Davis is 5-0 lifetime against the Rangers.

#### Red Sox 5, Yankees 4

In New York, Dwight Evans singled home Marty Barrett with one out in the 11th to lift Boston past the Yankees, 5-4. The Red Sox have beaten New York four straight this season.

(AP, UPI)



Cleveland's Roy Hinson played the deadpan innocent by-stander while bodying Robert Parish off the ball in Game 3.

### European Soccer

#### CUP WINNERS' CUP (Continued From Page 1)

Dynamo Moscow 1, Rapid Vienna 1; Rapid Vienna advances, 4-2, on aggregate.

ENGLISH FIRST DIVISION Ipswich 2, Leicester 0; Sheffield Wednesday 3, Queens Park Rangers 1.

Points standings: Everton 35; Manchester United 34; Tottenham 34; Sheffield Wednesday 32; Liverpool 30; Southampton 29; Arsenal 28; Nottingham Forest 27; Chelsea 26; Aston Villa 25; Queens Park Rangers 24; Leicester, West Bromwich, Newcastle 23; Watford 22; Norwich 21; Luton 20; West Ham 19; Sunderland 17; Coventry 17; Stoke 17.

FRENCH FIRST DIVISION Monaco 1, Nantes 1; Strasbourg 1, Paris-Saint Germain 1; Rouen 1, Auxerre 1; Marseille 2, Metz 1; Lille 0, Sochaux 2; Tours 2; Lens 1; Breus 0; Toulouse 0; Toulon 0.

Points standings: Bordeaux 33; Nantes 29; Monaco 28; Auxerre 27; Metz 26; Lens 25; Sochaux 24; Lille 23; Valenciennes 22; Strasbourg 21; Bastia 20; Lille, Rouen 19; Tours 18



